

GORDON & VELLETTA

Barristers, Solicitors and Notaries

Our File: 9851

October 26, 2004

Catherine Holt, President
Vancouver Island School of Art Society
720 – 880 Douglas St.
Victoria, BC V8W 2B7

Wendy Welch
Vancouver Island School of Art Society
303 – 1147 View Street
Victoria, BC V8V 3L9

Dear Sirs/Madams:

Re: Incorporation of Vancouver Island School of Art Society (the “Society”)

We are pleased to report on incorporation and organization of the Society, and the status now evidenced by our records:

Incorporation

The Society was incorporated as a society under the *Society Act* (British Columbia) on October 13, 2004 under number S-48166.

Directors, Officers

The directors of the Society are:

- Xane St. Phillip;
- Catherine Holt;
- Sandra Aitken;
- Paul Romaniuk; and,
- Barb Quinn.

The officers of the Society are:

<i>Office</i>	<i>Name</i>
President/Secretary	Catherine Holt
Treasurer	Xane St. Phillip

Michael J. Velletta * LL.B.
James E. Turner B.A., LL.B.
Gregory T. Rhone LL.B.
Simon Knott LL.B.
Cathy Stoker B.A., LL.B.
Patrice B. Newman LL.B.
Nicholas Lang B.A., LL.B.
Marina Sedai [†] B.A., LL.B.
* Professional Law Corporation
[†] Articled Student
Aaron A.G. Gordon (Dec'd)

Society Records

We have prepared a minute book for the Society's records, which includes:

- (a) original certificate of incorporation;
- (b) original of the constitution and the signed by-laws;
- (c) registrar of directors; and,
- (d) resolutions of the directors, appointing officers and otherwise organizing the Society.

Registered Society Address

The registered and records office are located at **GORDON & VELLETTA** 302-852 Fort Street, Victoria BC V8W 1H8. Unless otherwise advised, all correspondence relating to your Society will be forwarded to you at this address. PLEASE KEEP US INFORMED OF ANY CHANGES IN ADDRESS, CHANGES OF OFFICERS, DIRECTORS AND SHAREHOLDERS that may occur in the future.

Disclosure of Interests and Accountability

A director of the Society who is directly or indirectly interested in a proposed contract or transaction with the Society must disclose fully and promptly the nature and extent of the interest to the other directors.

Any director who profits from a contract or transaction with the Society must account to the Society UNLESS

- (a) that director first discloses the interest;
- (b) the directors have approved the contract or transaction; AND
- (c) the director does not vote on the approval of the proposed contract or transaction,

OR UNLESS

- (a) the contract or transaction was reasonable and fair to the Society when entered into; AND
- (b) the contract or transaction is approved by a special resolution after the Director's full disclosure.

The director cannot be counted in the quorum at the meeting in which the proposed contract or transaction is approved.

If these steps are not taken, then upon application by the Society or an interested person, the court may prohibit the Society from entering the contract, set aside the contract, or make any other appropriate order.

Amendments to the *Society Act*

Amendments to the *Society Act* are anticipated to come into force on November 1, 2004.

Among these amendments are provisions that a person who makes or assists in making a document to be filed with the registrar commits an offence if the statement or omission is false or misleading. An individual who commits such an offence is liable to a fine of up to \$2 000. The organization is liable to a fine of up to \$5 000.

Borrowing

All debentures must be authorized by a special resolution, which may permit the directors to issue a debenture for a maximum of one year.

Financial Records

The Society must keep proper financial records. Particularly, the Society must record

1. all money received and disbursed, and why;
2. every asset and liability of the society; and,
3. every other transaction affecting the financial position of the Society.

Financial Reporting at General Meeting

The Society must present the following at the annual general meeting:

1. the financial statement;
2. auditor's report, if any;
3. director's report to members; and
4. any further information respecting the society required by the bylaws or the regulations.

The financial statement must be for the period beginning on the date of incorporation or, if the society has completed a financial year, at the end of the last completed financial year, and ending not more than 6 months before the annual general meeting. The financial statement must consist of a statement of receipts and disbursements for the period, or a statement of income and expenditure and a statement of surplus for the period, and a balance sheet as of the end of the period.

Annual Reports

The *Society Act* provides that the first annual general meeting of the Society is to be held not more than fifteen months after the date of its incorporation. Thereafter, annual general meetings must be held at least once in each calendar year and not more than fifteen months after the date of the prior annual general meeting.

A society must, within 30 days after each annual general meeting, file with the registrar a copy of the financial statements presented to the membership. The society must file with the financial statements an annual report in specialized form. Our office would be pleased to prepare this for you.

A society must, within 30 days after each annual general meeting, file with the registrar an annual report in specialized form. The annual report is prepared by the Office of the Registrar of Companies in Victoria, British Columbia, and will be forwarded to the last address it has on file. The document must be perused upon its receipt, amended where necessary, signed and returned to the Registrar along with the financial statements and filing fee. If Gordon & Velletta serve as your registered and records office, we will attend to these matters for you.

We advise the first report will become due on October 13, 2005 and the report must be filed with the Registrar of Companies in Victoria on or before November 11, 2005. Our account for this service would be submitted with the above documents, in a form similar to the following:

<p><u>Fee:</u></p> <p>To: completing Annual Report, forwarding documents for signature, acting as Registered and/or Records Office for the year and filing the Annual Report with the Registrar of Companies: <i>[Note: our fee is subject to periodic adjustment, and to GST and PST]</i></p>	<p>\$145.00</p>
<p><u>Disbursements:</u></p> <p>To: Annual Report Filing fee payable to Minister of Finance; <i>[plus other incidental disbursements i.e. photocopying and applicable GST]</i></p>	<p>25:00</p>

To ensure your Society will remain in good standing, the Registrar of Companies requires that the Annual Report is received in Victoria on or before the latter date mentioned above.

The Registrar of Companies may strike from the register, and thereby dissolve any Society that fails for two years to file annual reports with the Registrar.

Change in Address of Society

Notice of every change in the Society's address must be filed in specialized form, along with the appropriate filing fee.

Change in Directors

Notice of every change in directors, *other than at a annual general meeting*, must be filed in specialized form, along with the appropriate filing fee. A separate form is required for each date a change takes place.

Change in Constitution/By-laws

Notice of any change in the Society's Constitution or By-laws, must be filed in specialized form, along with the appropriate filing fee. Changes take effect upon acceptance by registrar for filing.

Fiscal Year End

The fiscal year end of the Society should be determined in consultation with your accountants. This date should not be confused with the date of incorporation of the Society and the anniversary date of incorporation with respect to the filing of annual reports.

Banker

The Society bank for the time being is TD Canada Trust. A copy of any documents the Society executes for a bank should be maintained in the Society's record book. Some documents may require further documentation by way of resolutions approving those forms and we will be pleased to prepare the necessary documents upon receiving your instructions.

Income Tax, Canada Pension Plan, etc.

If the Society has employees, it must keep records of their income and file with the Canada Revenue Agency specific summaries relating to the remuneration of employees. Employers and employees are both required to contribute towards the Canada Pension Plan and towards Employment Insurance. Information regarding the foregoing may be obtained from the appropriate governmental department.

Liability for Unpaid Wages

Directors and officers of the incorporated Society may be liable for up to two months' unpaid wages for each employee. This obligation to pay employees is imposed by the *Employment Standards Act* of British Columbia.

Goods and Services Tax

We recommend that you contact the local branch of the Canada Revenue Agency to determine if your Society is required to be registered.

Termination of Society and Disposal of Assets

Upon the winding up and dissolution of the Society, the assets must not be distributed among the members; rather, the *Society Act* and bylaws require that the assets remaining after all debts have been paid or provision for payment has been made, go to a charitable institution that has as its purpose: the relief of poverty; the advancement of education; the advancement of religion; or any other purpose beneficial to the community.

General

We trust that the foregoing general information will be of some assistance to you in the operation of your society. If you would like copies of any of the Society's resolutions, Certificate of Incorporation, Constitution, or By-laws, or if you require legal advice regarding the affairs of the Society, please do not hesitate to contact us.

We take this opportunity to submit to you our statement of account for professional services rendered to date, which we trust you will find to be in order.

We wish you every success in your new venture, and thank you for referring this matter to us.

Enclosed are copies of the Incorporation Documents and our Statement of Account. I wish the Society success in its ventures and look forward to being of ongoing service to you.

Yours very truly,

GORDON & VELLETTA



MICHAEL J. VELLETTA

MJV/MS

enc.



NUMBER: S-48166

SOCIETY ACT

CERTIFICATE OF INCORPORATION

I Hereby Certify that

VANCOUVER ISLAND SCHOOL OF ART SOCIETY

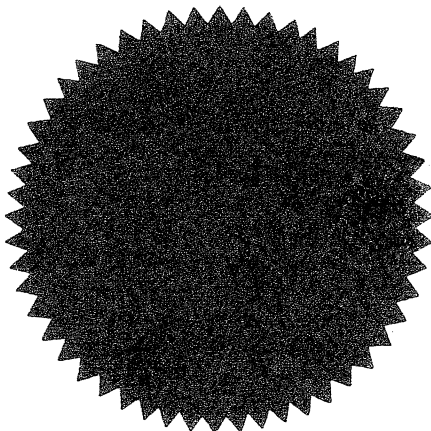
has this day been incorporated under the *Society Act*

Issued under my hand at Victoria, British Columbia

on October 13, 2004



JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA



FORM 3

Society Act

CONSTITUTION

1. The name of the society is VANCOUVER ISLAND SCHOOL OF ART SOCIETY.
 2. The purpose of the society is the advancement of art through instruction, presentation, and education of students from all levels of experience and all segments of Canadian society.
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BY-LAWS

Part 1 - Interpretation

1. (1) In these bylaws, unless the context otherwise requires,
 - a) "directors" means the directors of the society for the time being;
 - b) "Society Act" means the Society Act of the Province of British Columbia from time to time in force and all amendments to it;
 - c) "registered address" of a member means his address as recorded in the register of members.(2) The definitions in the Society Act on the date these bylaws become effective apply to these bylaws.
2. Words importing the singular include the plural and vice versa; and words importing a male person include a female person and a corporation.

Part 2 - Membership

3. The members of the society are the applicants for incorporation of the society, and those persons who subsequently have become members, in accordance with these bylaws and, in either case, have not ceased to be members.
4. A person may apply to the directors for membership in the society and on acceptance by the directors shall be a member.
5. Every member shall uphold the constitution and comply with these bylaws.
6. The amount of the first annual membership dues shall be determined by the directors and after that the annual membership dues shall be determined at the annual general meeting of the society.

7. A person shall cease to be a member of the society
- a) by delivering his resignation in writing to the secretary of the society or by mailing or delivering it to the address of the society;
 - b) on his death or in the case of a corporation on dissolution;
 - c) on being expelled; or
 - d) on having been a member not in good standing for 12 consecutive months.
8. (1) A member may be expelled by a special resolution of the members passed at a general meeting.
- (2) The notice of special resolution for expulsion shall be accompanied by a brief statement of the reason or reasons for the proposed expulsion.
- (3) The person who is the subject of the proposed resolution for expulsion shall be given an opportunity to be heard at the general meeting before the special resolution is put to a vote.
9. All members are in good standing except a member who has failed to pay his current annual membership fee or any other subscription or debt due and owing by him to the society and he is not in good standing so long as the debt remains unpaid.

Part 3 - Meetings of Members

10. General meetings of the society shall be held at the time and place, in accordance with the Society Act, that the directors decide.
11. Every general meeting, other than an annual general meeting, is an extraordinary general meeting.
12. The directors may, when they think fit, convene an extraordinary general meeting.
13. (1) Notice of a general meeting shall specify the place, day and hour of meeting, and, in case of special business, the general nature of that business.
- (2) The accidental omission to give notice of a meeting to, or the non-receipt of a notice by, any of the members entitled to receive notice does not invalidate proceedings at that meeting.
14. The first annual general meeting of the society shall be held not more than 15 months after the date of incorporation and after that an annual general meeting shall be held at least once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting.

Part 4 - Proceedings at General Meetings

15. Special business is

- a) all business at an extraordinary general meeting except the adoption of rules of order; and
- b) all business transacted at an annual general meeting, except,
 - i. the adoption of rules of order;
 - ii. the consideration of the financial statements;
 - iii. the report of the directors;
 - iv. the report of the auditor, if any;
 - v. the election of directors;
 - vi. the appointment of the auditor, if required; and
 - vii. the other business that, under these bylaws, ought to be transacted at an annual general meeting, or business which is brought under consideration by the report of the directors issued with the notice convening the meeting.

16. (1) No business, other than the election of a chairman and the adjournment or termination of the meeting, shall be conducted at a general meeting at a time when a quorum is not present.

(2) If at any time during a general meeting there ceases to be a quorum present, business then in progress shall be suspended until there is a quorum present or until the meeting is adjourned or terminated.

(3) A quorum is 3 members present or a greater number that the members may determine at a general meeting.

17. If within 30 minutes from the time appointed for a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be terminated; but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place, and if, at the adjourned meeting, a quorum is not present within 30 minutes from the time appointed for the meeting, the members present constitute a quorum.

18. Subject to bylaw 19, the president of the society, the vice president or in the absence of both, one of the other directors present, shall preside as chairman of a general meeting.

19. If at a general meeting

- a) there is no president, vice president or other director present within 15 minutes after the time appointed for holding the meeting; or
- b) the president and all the other directors present are unwilling to act as chairman,

the members present shall choose one of their number to be chairman.

20. (1) A general meeting may be adjourned from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(2) When a meeting is adjourned for 10 days or more, notice of the adjourned meeting shall be given as in the case of the original meeting.

(3) Except as provided in this bylaw, it is not necessary to give notice of an adjournment or of the business to be transacted at an adjourned general meeting.

21. (1) No resolution proposed at a meeting need be seconded and the chairman of a meeting may move or propose a resolution.

(2) In case of an equality of votes the chairman shall not have a casting or second vote in addition to the vote to which he may be entitled as a member and the proposed resolution shall not pass.

22. (1) A member in good standing is entitled to one vote.

(2) Voting by members present at meetings is by show of hands.

(3) Voting by proxy must be in writing under the hand of the appointer or that person's attorney duly authorized in writing.

23. A corporate member may vote by its authorized representative, who is entitled to speak and vote, and in all other respects exercise the rights of a member, and that representative shall be reckoned as a member for all purposes with respect to a meeting of the society.

Part 5 - Directors and Officers

24. (1) The directors may exercise all the powers and do all the acts and things that the society may exercise and do, and which are not by these bylaws or by statute or otherwise lawfully directed or required to be exercised or done by the society in general meeting, but subject, nevertheless, to

- a) all laws affecting the society;
- b) these bylaws; and
- c) rules, not being inconsistent with these bylaws, which are made from time to time by the society in general meeting.

(2) No rule, made by the society in general meeting, invalidates a prior act of the directors that would have been valid if that rule had not been made.

25. (1) The president, vice president, secretary, treasurer and one or more other persons shall be the directors of the society.

(2) The number of directors shall be 5 or a greater number determined from time to time at a general meeting.

26. (1) The directors shall retire from office at each annual general meeting when their successors shall be elected.

(2) Separate elections shall be held for each office to be filled.

(3) An election may be by acclamation, otherwise it shall be by ballot.

(4) If no successor is elected the person previously elected or appointed continues to hold office.

27. (1) The directors may at any time and from time to time appoint a member as a director to fill a vacancy in the directors.

(2) A director so appointed holds office only until the conclusion of the next following annual general meeting of the society, but is eligible for re-election at the meeting.

28. (1) If a director resigns his office or otherwise ceases to hold office, the remaining directors shall appoint a member to take the place of the former director.

(2) No act or proceeding of the directors is invalid only by reason of there being less than the prescribed number of directors in office.

29. The members may by special resolution remove a director before the expiration of his term of office, and may elect a successor to complete the term of office.

30. No director shall be remunerated for being or acting solely as a director but a director shall be reimbursed for all expenses necessarily and reasonably incurred by him or her while engaged in the affairs of the society. Nothing in this section prevents a director from otherwise being employed or contracted by the society.

Part 6 - Proceedings of Directors

31. (1) The directors may meet together at the places they think fit to dispatch business, adjourn and otherwise regulate their meetings and proceedings, as they see fit.

(2) The directors may from time to time fix the quorum necessary to transact business, and unless so fixed the quorum shall be a majority of the directors then in office.

(3) The president shall be chairman of all meetings of the directors, but if at a meeting the president is not present within 30 minutes after the time appointed for holding the meeting, the vice president shall act as chairman; but if neither is present the directors present may choose one of their number to be chairman at that meeting.

(4) A director may at any time, and the secretary, on the request of a director, shall, convene a meeting of the directors.

32. (1) The directors may delegate any, but not all, of their powers to committees consisting of the director or directors as they think fit.

(2) A committee so formed in the exercise of the powers so delegated shall conform to any rules imposed on it by the directors, and shall report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held next after it has been done.

33. A committee shall elect a chairman of its meetings; but if no chairman is elected, or if at a meeting the chairman is not present within 30 minutes after the time appointed for holding the meeting, the directors present who are members of the committee shall choose one of their number to be chairman of the meeting.

34. The members of a committee may meet and adjourn as they think proper.

35. For a first meeting of directors held immediately following the appointment or election of a director or directors at an annual or other general meeting of members, or for a meeting of the directors at which a director is appointed to fill a vacancy in the directors, it is not necessary to give notice of the meeting to the newly elected or appointed director or directors for the meeting to be constituted, if a quorum of the directors is present.

36. A director who may be absent temporarily from British Columbia may send or deliver to the address of the society a waiver of notice, which may be by letter, telegram, telex or cable, of any meeting of the directors and may at any time withdraw the waiver, and until the waiver is withdrawn,

a) no notice of meeting of directors shall be sent to that director; and

- b) any and all meetings of the directors of the society, notice of which has not been given to that director shall, if a quorum of the directors is present, be valid and effective.
37. (1) Questions arising at a meeting of the directors and committee of directors shall be decided by a majority of votes.
- (2) In case of an equality of votes the chairman does not have a second or casting vote.
38. No resolution proposed at a meeting of directors or committee of directors need be seconded and the chairman of a meeting may move or propose a resolution.
39. A resolution in writing, signed by all the directors and placed with the minutes of the directors is as valid and effective as if regularly passed at a meeting of directors.

Part 7 - Duties of Officers

40. (1) The president shall preside at all meetings of the society and of the directors.
- (2) The president is the chief executive officer of the society and shall supervise the other officers in the execution of their duties.
41. The vice president shall carry out the duties of the president during his or her absence.
42. The secretary shall
- a) conduct the correspondence of the society;
 - b) issue notices of meetings of the society and directors;
 - c) keep minutes of all meetings of the society and directors;
 - d) have custody of all records and documents of the society except those required to be kept by the treasurer;
 - e) have custody of the common seal of the society; and
 - f) maintain the register of members.
43. The treasurer shall
- a) keep the financial records, including books of account, necessary to comply with the Society Act; and
 - b) render financial statements to the directors, members and others when required.

44. (1) The offices of secretary and treasurer may be held by one person who shall be known as the secretary treasurer.

(2) When a secretary treasurer holds office the total number of directors shall not be less than 5 or the greater number that may have been determined pursuant to bylaw 25 (2).

45. In the absence of the secretary from a meeting, the directors shall appoint another person to act as secretary at the meeting.

Part 8 - Seal

46. The directors may provide a common seal for the society and may destroy a seal and substitute a new seal in its place.

47. The common seal shall be affixed only when authorized by a resolution of the directors and then only in the presence of the persons prescribed in the resolution, or if no persons are prescribed, in the presence of the president and secretary or president and secretary treasurer.

Part 9 – Borrowing

48. In order to carry out the purposes of the society the directors may, on behalf of and in the name of the society, raise or secure the payment or repayment of money in the manner and on the terms they decide, and, in particular but without limiting the foregoing, by the issue of debentures.

49. No debenture shall be issued without the sanction of a special resolution.

50. The members may by special resolution restrict the borrowing powers of the directors, but a restriction imposed expires at the next annual general meeting.

Part 10 - Auditor

51. This Part applies only where the society is required or has resolved to have an auditor.

52. The first auditor shall be appointed by the directors who shall also fill all vacancies occurring in the office of auditor.

53. At each annual general meeting the society shall appoint an auditor to hold office until he is re-elected or his successor is elected at the next annual general meeting.

54. An auditor may be removed by ordinary resolution.

55. An auditor shall be promptly informed in writing of appointment or removal.

56. No director and no employee of the society shall be auditor.

57. The auditor may attend general meetings.

Part 11 - Notices to Members

58. A notice may be given to a member, either personally or by mail to him at his registered address.

59. A notice sent by mail shall be deemed to have been given on the second day following that on which the notice is posted, and in proving that notice has been given it is sufficient to prove the notice was properly addressed and put in a Canadian post office receptacle.

60. (1) Notice of a general meeting shall be given to

- a) every member shown on the register of members on the day notice is given; and
- b) the auditor, if Part 10 applies.

(2) No other person is entitled to receive a notice of general meeting.

Part 12 - Bylaws

61. These bylaws shall not be altered or added to except by special resolution.


Part 13 - Distribution of Assets on Wind Up

62. On a winding up or dissolution of the society, after all debts have been paid, the directors may transfer the remaining assets of the society to a charitable institution as defined under the Society Act.

Dated: October 7, 2004

Witness(es)


Applicants for Incorporation


[Signature]

Wendy Welch
[Printed Full Name]

303-1147 View St.
[Street Address]

Victoria, BC V8V3L9
[City, Province, and Postal Code]


[Signature]

Catherine Holt
[Printed Full Name]

720-880 Douglas St
[Resident Address]

Victoria, BC, V8W 2B7
[City, Province, and Postal Code]

Wendy Welch
[Signature]
Wendy Welch
[Printed Full Name]
303-1147 View St.
[Street Address]
Victoria BC V8V 3L9
[City, Province, and Postal Code]

JANE ST PHILLIP
[Signature]
JANE ST PHILLIP
[Printed Full Name]
939 BALMORAL RD.
[Resident Address]
VICTORIA BC V8W 2R9
[City, Province, and Postal Code]

Wendy Welch
[Signature]
Wendy Welch
[Printed Full Name]
303-1147 View St
[Street Address]
Victoria BC V8V 3L9
[City, Province, and Postal Code]

CANDRA AITKEN
[Signature]
CANDRA AITKEN
[Printed Full Name]
#5 - 370 Waterfront Cres.
[Resident Address]
VICTORIA BC V8T 5K7
[City, Province, and Postal Code]

Wendy Welch
[Signature]
Wendy Welch
[Printed Full Name]
303-1147 View St
[Street Address]
Victoria BC V8V 3L9
[City, Province, and Postal Code]

BARBARA DUMIN
[Signature]
BARBARA DUMIN (DUMIN)
[Printed Full Name]
#403, Waterfront Ws
[Resident Address]
VICTORIA BC V8T 5K3
[City, Province, and Postal Code]

Wendy Welch
[Signature]

Wendy Welch
[Printed Full Name]

303-1147 View St
[Street Address]

Victoria BC V8V 3L9
[City, Province, and Postal Code]

Paul J. Romanuk
[Signature]

PAUL J ROMANUK
[Printed Full Name]

2173 CENTRAL AVE
[Resident Address]

VICTORIA BC V8S 2R6
[City, Province, and Postal Code]

REGISTER OF DIRECTORS

VANCOUVER ISLAND SCHOOL OF ART SOCIETY

Full Names	Resident Address	Date Appointed or Elected		Date Ceased	Office	Office Held	
						Date Appointed	Date Ceased
XANE ST. PHILLIP	939 Balmoral Street Victoria, BC V8T 1A7	Oct 13	2004		Treasurer	Oct 13	2004
CATHERINE HOLT	720 - 880 Douglas St. Victoria, BC V8W 2B7	Oct 13	2004		President/ Secretary	Oct 13	2004
SANDRA AITKEN	5 - 530 Waterfront Crescent Victoria, BC V8T 5K3	Oct 13	2004				
PAUL ROMANIUK	2173 Central Ave. Victoria, BC V8S 2R6	Oct 13	2004				
BARB QUINN	403 - 300 Waterfront Crescent Victoria, BC V8T 5K3	Oct 13	2004				