

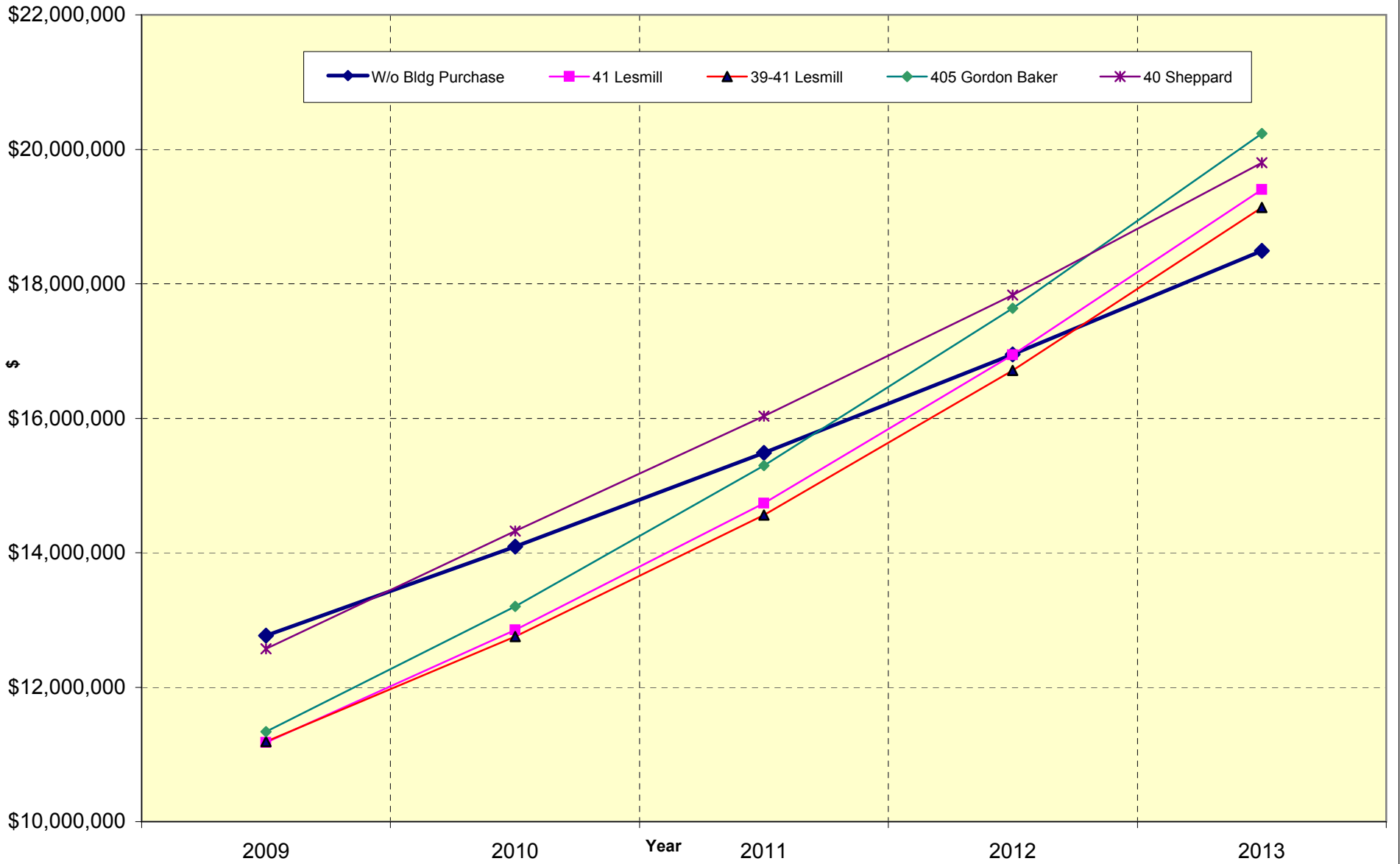
To satisfy Council's concern regarding a business case for the purchase, President Adams asked the CEO/Registrar to compare opportunities where the building committee had submitted a letter of intent and that are still available.

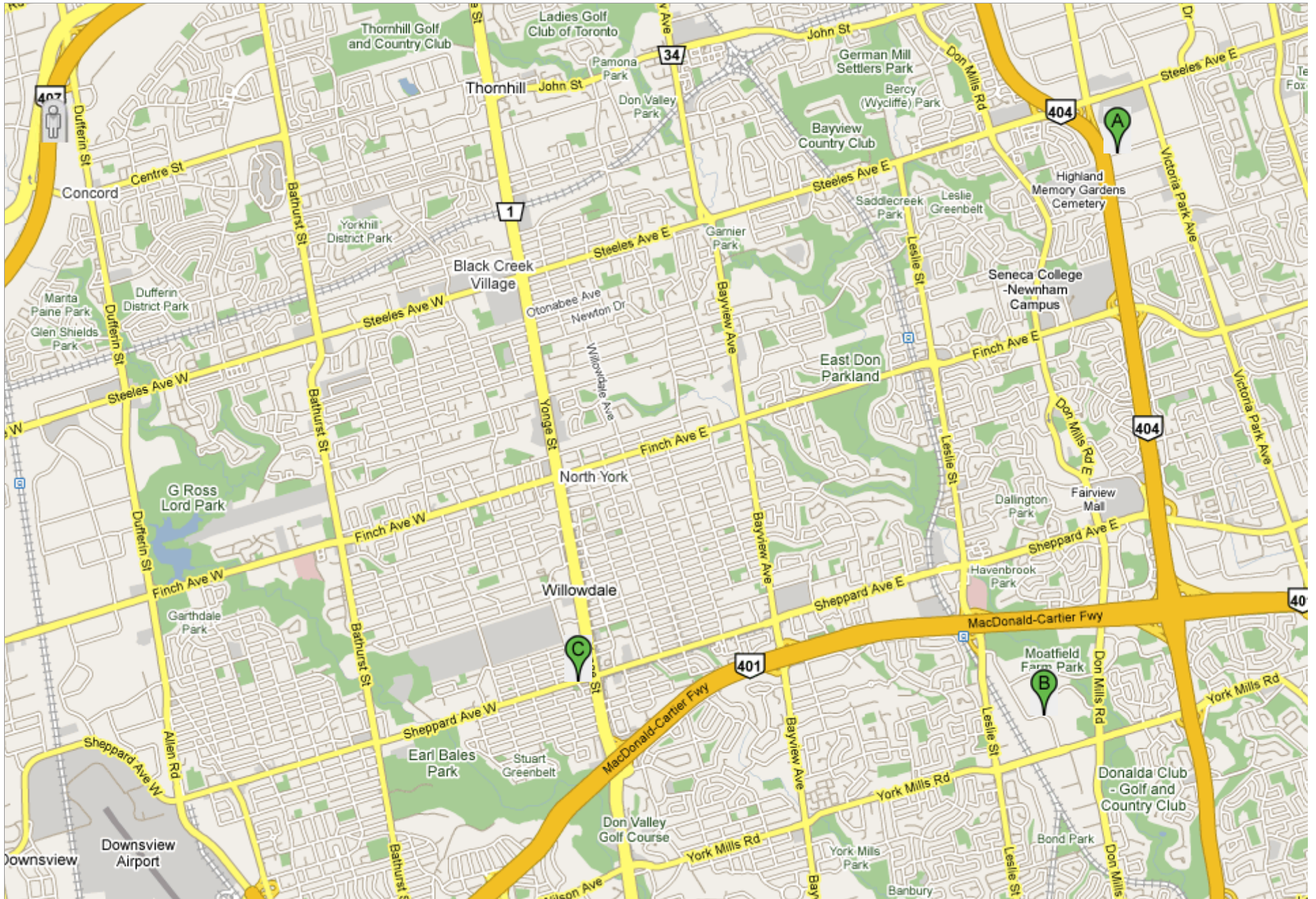
Notes

1. PEO's lease extends to Dec. 31, 2009, however, it right to extend its lease expires December 31, 2008.
2. November 2001, the Accommodation Task Force reported to Council a number of advantages to ownership in the long term, including: Potential to boost image, Better control over destiny (no need to consult landlord if PEO wanted to make changes to its offices), Ability to react to changing needs with time, and we can ensure that amenities meet our needs from the beginning (i.e. parking). Council passed a motion supporting the concepts of ownership.
3. At the June 2004 meeting of Council, Council authorized the ATF to contact individuals and firms that would be willing to serve as "Great Friends of PEO" and financially support the building. None have been found to date.
4. September 2004, Council Authorized the ATF to engage CB Richard Ellis (CBRE) to assist the ATF in its search. The agreement included a fee for service, a commission structure and termination provisions.
5. At the November 2004 meeting of Council, Council retained CBRE as PEO's real estate broker.
6. June 2005, Council approved the ATF recommendation that the building be downtown, approved the ownership option, authorized a net investment not exceeding \$12.5M (down payment of \$5M) and the President and Executive Committee to negotiate and sign and agreement for the financial transaction, subject to due diligence and Council's approval.
7. The ATF presented a number of opportunities that met Council's criteria, including a 67,000 sf building at University and Sheppard and the Stewart building at College and University. When the Stewart building was rejected at the June 2006 meeting, the ATF members (except the Chair) resigned.
8. September 2006, Council stood down the ATF and created the Building Development Committee composed of the President, Past-President and the President-elect. It authorized the BDC to appoint a manager for the project and a budget of \$50K for professional expertise; to re-negotiate the Agreement with CBRE; conduct a proposal call.
9. The proposal call resulted in more than 60 submissions across the GTA. The BDC proceed to assess the opportunities and provided a bus tour of the short list for interested councillors. The preferred location was at Allen Rd and Sheppard; however the DBC was never able to obtain an actionable proposal for the Toronto Economic Development Corporation.
10. The BDC terminated the agreement with CBRE and engaged Gleneden Property Service Corporation.
11. At the January 2007 meeting of Council, Council rescinded the motion that the building had to be downtown and it authorized the Executive Leadership Team and the CEO/Registrar to sign letters of intent regarding the purchase price, deposit to be tendered, vendor reps, and closing date. Offers had to be conditional on due diligence and financing.

12. The BDC submitted letters of intent for the following properties: 405 Gordon Baker, 300 Yorkland Blvd, 3 Concorde Gate, Parkway Place, 41 Lesmill, 51-61 Sheppard (three separate properties), 1200 Sheppard Ave East, and reviewed multiple properties with the Toronto District School Board.
13. June 2007, the BDC advised Council that a suitable design-build would cost \$20-22M and Council appointed the Penultimate Past President to the DBC.
14. November 2007, the DBC presented its offer to purchase 300 Yorkland. Council rejected the offer, and directed the CEO/Registrar to terminate its relationship with Gleneden Property Service Corporation.
15. December 2007, the DBC reported to Council that it required a \$30M budget to acquire a building “downtown” near a subway. This additional cost could be financed through \$20/member fee increase. Council provide the DBC the criteria and a \$30M budget and it amended its by-law increasing membership fee from \$200 to \$220 to support the purchase of the building. In addition, Council reject the purchase of 41 Lesmill (4-12-2, 9 absent) and Parkway Place (5-8-3, 11 absent). As noted at the December 07 meeting of Council, the premium to be located on the subway line is \$10-12 million. Existing office buildings 3-4 km from the subway are available for \$10-15 million and 3-4 acre building site, 3-4 km from the subway, suitable for a PEO design/build would be available for \$4-6 million, and building cost about \$12-13 million thus totally \$16-19 million.
16. March 2008, Council directed the DBC to provide an accountability report regarding the purchase of 300 Yorkland.
17. June 2008, CEO/Registrar provided the requested accountability Report for the purchase of 300 Yorkland.
18. August 2008, Council authorized the CEO/Registrar to enter into negotiations for the purchase of 40 Sheppard Ave. W. (16-2-0, 10 absent). The purchase price and budget for improved were estimated to be \$27M. This was contrasted with the purchase of 3 properties 51-61 Sheppard A. West and constructing a 60,000sf building for \$29M. PEO has signed a confidentially agreement with the owners of 40 Sheppard W as the building is not available on the market.
19. October 2008, Council authorized PEO to enter into an Agreement of Purchase and Sale for property located at 40 Sheppard Avenue West, to conduct due diligence, to authorize the President and CEO/Registrar to execute the Agreement and to take such other actions as are needed to complete the transaction. (13-1-1, 12 absent)

Owner's Equity





A - 405 Gordon Baker B - 41 Lesmill Ave C - 40 Sheppard Ave W

CONFIDENTIAL

**Professional Engineers Ontario
Opportunity Comparison Report**

| Council Criteria | 25 Sheppard Ave | 40 Sheppard Ave. W | 41 Lesmill | 39&41 Lesmill | 405 Gordon Baker |
|---|---------------------------------|--|--|---|--|
| Description | Continue to rent existing space | Acquisition of a 21 year old, 8 storeys building - 102,000 sf of rentable space for \$24M with \$3M of improvements over 3 years. Total \$27M | Acquisition of newly constructed 3 storey building - 45,000 sf on 2.2 acres for \$10.3M and up to \$1M to for the final finishing Total - \$11.3M | Acquisition of 41 Lesmill (\$11.3M) and the adjoining property to the south - 10,000 sq. building on 1.9 acres for \$4.1M and \$1 M in conversion to museum and auditorium Total \$16.4M | Acquisition of a 2 storey – 83,000 sf building on 4 acres and \$3M of improvements Total \$9.7M |
| Summary | | | | | |
| Area available for PEO's use | 30,000sf | 50,000sf | 45,000sf | 55,000sf | 83,719sf |
| PEO's "owners equity in Dec. 31, 2013 (per attached) | \$18.5M | \$19.8M | \$19.4M | \$19.1M | \$20.2M |
| Years to full own the building | N/A | 25 years | 2 years and 4 months | 4 years and 2 months | Cash purchase, own it immediately |
| Risk loss of 50 % loss of tenant revenue – Owners Equity | N/A | \$16.4M PEO would have operating deficits of ~\$800K annually | N/A | N/A | N/A |
| Risk loss of 100% loss of tenant revenue – Owners Equity | N/A | \$13.2M PEO would have operating deficits of ~\$1.5M annually | N/A | N/A | N/A |

CONFIDENTIAL

**Professional Engineers Ontario
Opportunity Comparison Report**

| Council Criteria | 25 Sheppard Ave | 40 Sheppard Ave. W | 41 Lesmill | 39&41 Lesmill | 405 Gordon Baker |
|---|------------------------|--|---|---|--|
| Ease of Transition | N/A | Somewhat difficult due to current leases, may require some temporary solutions | Easy, new building that requires interior paint and some floor coverings. Limited disruption to operations. | Easy Converting the building to a museum and auditorium would not interfere with current operations. | Moderate, significant renovations, however, the space is vacant. |
| Ownership | | | | | |
| Ownership to be able to control the property and to qualify for reduced municipal tax assessment. | no | yes | yes | yes | yes |
| Location | | | | | |
| Central Toronto location (between Avenue Road and Bayview Avenue and Sheppard Ave and Front Street) | yes | yes | yes | no | no |
| Provides security for volunteers and staff at night | yes | yes | yes | yes | yes |
| Accessible by car and transit - for staff, volunteers, members, licence holders and applicants | current location | Same as current location | Car – as accessible as current location 10 minute bus to subway | | |
| Close to a subway location | | 10 meters to Sheppard Subway entrance | 1.8 km to Don Mills Station 3.9km to York Mills Station | 1.8 km to Don Mills Station 3.9km to York Mills Station | 2.2 km to Don Mills Station |

CONFIDENTIAL

**Professional Engineers Ontario
Opportunity Comparison Report**

| Council Criteria | 25 Sheppard Ave | 40 Sheppard Ave. W | 41 Lesmill | 39&41 Lesmill | 405 Gordon Baker |
|--|------------------------|-------------------------------------|---|---|---|
| Safe parking space for about a minimum of 50 cars, and desirable to have safe parking space for an additional 100 car, however, additional public parking within ½ km would be acceptable. | yes | Yes, 138 underground parking spaces | 92 surface spots in front of the building | 92 spots at 41 Lesmill 100+ at 39 Lesmill | 224 surface spots |
| Appropriately supports the professional image of PEO | yes | Yes, standard office building | Building makes a statement. | 41 Lesmill makes a statement and 39 could be modified to complement it. | Concern expressed by Executive Committee in 2007, however, it was once the head office for Sony Canada. |
| In the vicinity of employers of professional engineers | current location | Same as current location | Located closer to more engineering firms | Located closer to more engineering firms | Located closer to more engineering firms |
| In an area surrounded by attractive buildings and other public amenities. | current location | Same as current location | Limited | Limited | Limited |
| Proximity amenities that may be of interest to staff | current location | Same as current location | Limited | Limited | Limited |
| Close (with 2 kms) to a business class hotel | current location | Same as current location | Yes, backs onto the Prince Hotel | Yes, backs onto the Prince Hotel | Yes, 1 km to Holiday Inn |
| Close (with 2 kms) to business class restaurants | current location | Same as current location | yes | yes | yes |
| Location that aids in attracting and retaining volunteers and staff | current location | Same as current location | Less than current location | Less than current location | Less than current location |

CONFIDENTIAL

**Professional Engineers Ontario
Opportunity Comparison Report**

| Council Criteria | 25 Sheppard Ave | 40 Sheppard Ave. W | 41 Lesmill | 39&41 Lesmill | 405 Gordon Baker |
|---|---|--|---------------------------------------|---------------------------------------|---------------------------------------|
| No environmental concerns | current location | None apparent, requires due diligence | None apparent, requires due diligence | None apparent, requires due diligence | None apparent, requires due diligence |
| Building | | | | | |
| A building space of at least 50,000 square feet to provide the required office space, about 30,000 s.f. and an additional 20,000 s.f. to provide: | Additional 20,000 sf would cost \$800K/year | Yes, 102,000 sf. PEO would lease out the remaining space. The building currently has about 8,000 sf of vacant space. | No, only 45,000sf. | Yes, additional 10,000sf | Yes |
| Exceptional meeting space (i.e. auditorium, public meetings, seminars etc) | Very limited | yes | yes | exceptional | exceptional |
| Space to house a public archive spaces to show professional engineering image | no | yes | limited | exceptional | exceptional |
| Space for applicants to write proctored exams | no | yes | yes | yes | yes |
| Business centre for members and applicants use | no | yes | no | yes | yes |
| Supports the professional image of PEO and reflects professional Engineering | neutral | Yes, standard office building | Yes, opportunity to make a statement | Yes, opportunity to make a statement | Yes, |

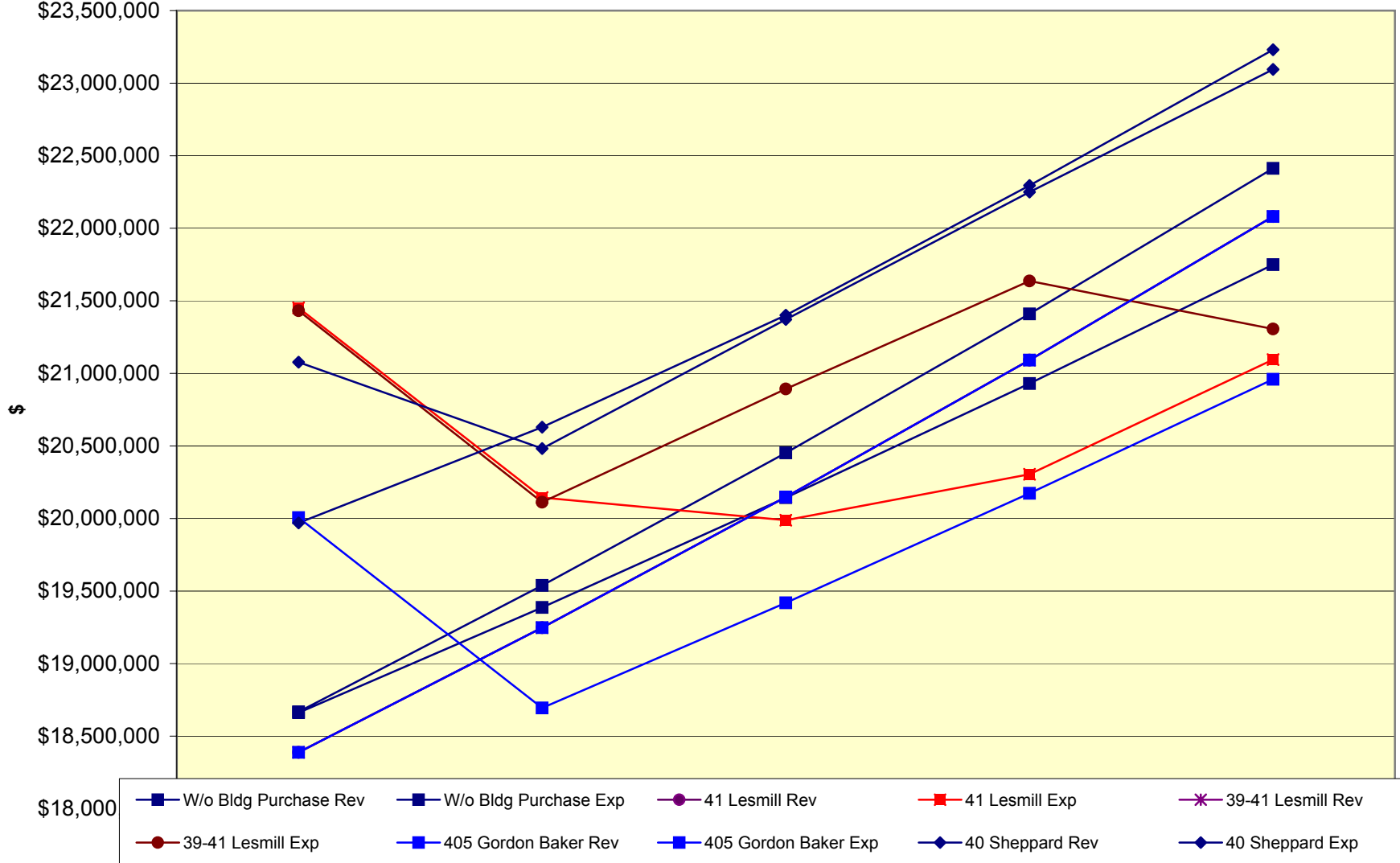
CONFIDENTIAL

**Professional Engineers Ontario
Opportunity Comparison Report**

| Council Criteria | 25 Sheppard Ave | 40 Sheppard Ave. W | 41 Lesmill | 39&41 Lesmill | 405 Gordon Baker |
|---|------------------------|--|---|---|--|
| Showcases respect and concern for the environment (i.e., LEEDS certification) | no | Limited, retro fits to achieve some level of LEEDS certification may be possible | Yes, opportunity to make a statement | Yes, opportunity to make a statement | Limited, retro fits to achieve some level of LEEDS certification may be possible |
| Signage to identify PEO | no | Yes, would be visible from both Yonge and Sheppard | Yes, limited exposure visible on Lesmill | Yes, limited exposure visible on Lesmill | Yes, high exposure visible on highway 404 |
| Budget | | | | | |
| Up to \$30 million (subject to the approval of a fee increase in Feb.08) | N/A | Yes, Purchase available for \$24 million Allowance of \$50/sf of PEO space for leasehold improvement Total \$27 million | Yes, purchase @ \$10.3M plus \$1M for finishing | Yes, purchase @ \$10.3M plus \$1M for finishing at 41 Lesmill and purchase for \$4.1M and \$1M to renovate. Total \$16.3M | Yes, \$6.7M purchase plus \$3M in renovations. Total \$9.7M |
| Additional revenue | N/A | The reported income for the building in 2010 is ~\$1.64 million. Assuming PEO use 50% of the space PEO would expect ~\$800,000 in additional annual revenue. | No | Possible to lease auditorium. | Possible to lease auditorium and also possible to lease 32,000 sf. |

Kim Allen, P.Eng.
CEO/Registrar
November 26, 2008

Estimated Revenues and Expenses



Years

DRAFT - EXPECTED CHANGES IN REVENUE AND EXPENSES with NO BUILDING PURCHASE (2009 - 2013)

| Revenue Assumptions | | % change |
|--|--|----------|
| Growth in P.Engs | | 4.1% |
| Growth in Retirees | | 4.5% |
| Growth in Appln, Regn, Exam and Other Fees | | 6.0% |
| Return on Investment income | | 4.5% |
| Growth in Advertising income | | 6.0% |
| Growth in Rental Rates | | 3.0% |
| Expenses Assumptions | | % change |
| Municipal Taxes (@ \$8.84 sq / ft) | | 3.5% |
| Insurance | | 3.0% |
| Programs | | 3.5% |
| Full-time salaries | | 4.0% |
| Employee Future Benefits | | 7.0% |
| Council Sp. Projects | | 3.0% |

| REVENUE | YEAR | | | | | Comments |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Revenue from Regular Operations | | | | | | |
| P.Eng Fee / mem | 220 | 220 | 220 | 220 | 220 | Fees per member remains unchanged in the next 5 yrs |
| Retiree Fee / mem | 55 | 55 | 55 | 55 | 55 | Fees per member remains unchanged in the next 5 yrs |
| No. of P.Engs | 59,673 | 62,120 | 64,666 | 67,318 | 70,078 | % incr from rev assumptions |
| No. of Retirees | 12,987 | 13,571 | 14,182 | 14,820 | 15,487 | % incr from rev assumptions |
| P.Eng Revenue | 11,934,600 | 12,423,919 | 12,933,299 | 13,463,565 | 14,015,571 | Pure P.Eng Revenue (\$200 only - \$20 set aside in bldg fund) |
| Retiree Revenue | 649,350 | 678,571 | 709,106 | 741,016 | 774,362 | Pure P.Eng Revenue (\$50 only - \$5 set aside in bldg fund) |
| Total P. Eng Revenue | 12,583,950 | 13,102,489 | 13,642,406 | 14,204,581 | 14,789,933 | |
| Rev from Applns, Regns, Exams and other fees | 4,518,450 | 4,789,557 | 5,076,930 | 5,381,546 | 5,704,439 | % incr from rev assumptions |
| Investment Income | 815,000 | 851,675 | 890,000 | 930,050 | 971,903 | % incr from rev assumptions |
| Advertising Income | 750,000 | 795,000 | 842,700 | 893,262 | 946,858 | % incr from rev assumptions |
| TOTAL REVENUE | 18,667,400 | 19,538,721 | 20,452,036 | 21,409,439 | 22,413,132 | |
| EXPENSES | YEAR | | | | | |
| | | | | | | |
| Regular Program Expenditure | | | | | | |
| Programs | 7,239,227 | 7,492,600 | 7,754,841 | 8,026,260 | 8,307,179 | % incr from exp assumptions |
| Insurance | 137,000 | 141,110 | 145,343 | 149,704 | 154,195 | Total insurance costs may be lower |
| Employee Future Benefits | 1,191,000 | 1,274,370 | 1,363,576 | 1,459,026 | 1,561,158 | driven by actuarial evaluation |
| Full-time salaries | 8,159,167 | 8,485,534 | 8,824,955 | 9,177,953 | 9,545,071 | % incr from exp assumptions |
| Occupancy Cost at 25 Sheppard | 1,160,515 | 1,195,330 | 1,231,190 | 1,268,126 | 1,306,170 | Assuming we will continue to use 25 Sheppard in 09 |
| Taxes at 25 Sheppard | 174,335 | 180,437 | 186,752 | 193,288 | 200,053 | Assuming we will continue to use 25 Sheppard in 09 |
| Council Sp. Projects | 600,000 | 618,000 | 636,540 | 655,636 | 675,305 | |
| TOTAL EXPENDITURES | 18,661,244 | 19,387,381 | 20,143,198 | 20,929,994 | 21,749,132 | |
| NET INCOME | 6,156 | 151,341 | 308,839 | 479,445 | 664,000 | |

DRAFT - EXPECTED CHANGES IN REVENUE AND EXPENSES AFTER PURCHASE OF BUILDING at 40 Sheppard (2009 - 2013)

| Revenue Assumptions | % change |
|--|----------|
| Growth in P.Engs | 4.1% |
| Growth in Retirees | 4.5% |
| Growth in Appln, Regn, Exam and Other Fees | 6.0% |
| Return on Investment income | 4.5% |
| Growth in Advertising income | 6.0% |
| Growth in Parking Revenue | 3.0% |
| Growth in Other Building Revenue | 3.0% |
| Growth in Market Rental Rates | 3.0% |
| Average rental rate | \$16.00 |
| Space leased to third parties (sq ft) | 87,000 |

| Expenses Assumptions | % change |
|--|----------|
| Bldg Operating Exp for 50,000 sq ft (@ \$9.04 sq / ft) | 3.5% |
| Building operating expenses | \$9.04 |
| Municipal Taxes (@ \$8.84 sq / ft) | 3.5% |
| Insurance | 3.0% |
| Programs | 3.5% |
| Full-time salaries | 4.0% |
| Employee Future Benefits | 7.0% |
| Council Sp. Projects | 3.0% |
| Land Transfer Tax | 712325 |

| REVENUE | YEAR | | | | | Comments |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Revenue from Regular Operations | | | | | | |
| P.Eng Fee / mem | 220 | 220 | 220 | 220 | 220 | Fees per member remains unchanged in the next 5 yrs |
| Retiree Fee / mem | 55 | 55 | 55 | 55 | 55 | Fees per member remains unchanged in the next 5 yrs |
| No. of P.Engs | 59,673 | 62,120 | 64,666 | 67,318 | 70,078 | % incr from rev assumptions |
| No. of Retirees | 12,987 | 13,571 | 14,182 | 14,820 | 15,487 | % incr from rev assumptions |
| P.Eng Revenue | 13,128,060 | 13,666,310 | 14,226,629 | 14,809,921 | 15,417,128 | Pure P.Eng Revenue (\$200 only - \$20 set aside in bldg fund) |
| Retiree Revenue | 714,285 | 746,428 | 780,017 | 815,118 | 851,798 | Pure P.Eng Revenue (\$50 only - \$5 set aside in bldg fund) |
| Total P. Eng Revenue | 13,842,345 | 14,412,738 | 15,006,646 | 15,625,039 | 16,268,926 | |
| Rev from Applns, Regns, Exams and other fees | 4,518,450 | 4,789,557 | 5,076,930 | 5,381,546 | 5,704,439 | % incr from rev assumptions |
| Investment Income | 536,208 | 560,337 | 585,553 | 611,902 | 639,438 | % incr from rev assumptions |
| Advertising Income | 750,000 | 795,000 | 842,700 | 893,262 | 946,858 | % incr from rev assumptions |
| Less Members Contribution to Building Fund | -1,258,395 | -1,310,249 | -1,364,241 | -1,420,458 | -1,478,993 | |
| Revenue from 40 Sheppard | | | | | | |
| Parking Revenue | 139,440 | 143,623 | 147,932 | 152,370 | 156,941 | per C-453-21(f) - % incr from rev assumptions |
| Other Building Revenue | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | per C-453-21(f) - % incr from rev assumptions |
| Rental income (from leased out @ \$16 / sq ft in 2009) | 1,392,000 | 1,186,560 | 1,052,413 | 996,567 | 936,423 | per C-453-21(f) - % incr from rev assumptions |
| TOTAL REVENUE | 19,970,048 | 20,629,067 | 21,400,978 | 22,294,865 | 23,230,307 | |
| EXPENSES | YEAR | | | | | |
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| One time Expenditure for 40 Sheppard | | | | | | |
| Commission payable by PEC | 180,000 | - | - | - | - | per C-453-21(f) |
| Transitional costs | 400,000 | - | - | - | - | per C-453-21(f) |
| Engg. Fees for due diligence | 50,000 | - | - | - | - | per C-453-21(f) |
| Appraisal fee | 10,000 | - | - | - | - | per C-453-21(f) |
| Legal fees | 75,000 | - | - | - | - | per C-453-21(f) |

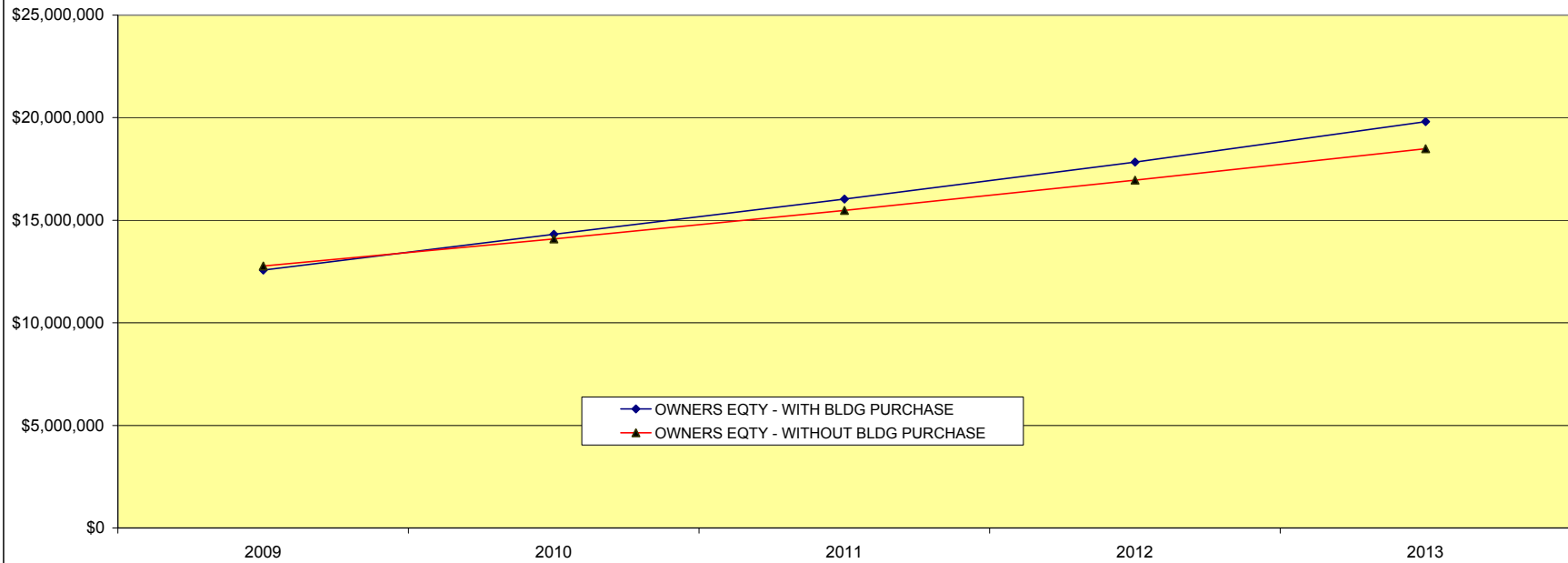
| | | | | | | | |
|--|----------------|----------------|---|---|---|---|--|
| | Brokerage Fees | 60,000 | | | | | Mortgage |
| PEO's perating costs for an average of 15,000 sq ft in 40 Sheppard | | 121,613 | - | - | - | - | per C-453-21(f) assuming no tax relief in 2009 -9 months |
| | TOTAL | 896,613 | | | | | |

| Recurring Expenditure for 40 Sheppard | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| Amortization for PEO Office Buildout | - | 67,000 | 133,000 | 200,000 | 200,000 | \$3m amortized over 15 yrs (\$1M spent in 2009, 2010, 2011) |
| Amortization for Office Building, estimated to be \$700k per annum | 525,000 | 700,000 | 700,000 | 700,000 | 700,000 | |
| PEO portion of the Building Operating Expenses | | 280,692 | 387,355 | 451,026 | 518,680 | per C-453-21(f) |
| Municipal Taxes | - | 87,768 | 90,840 | 94,019 | 97,310 | per C-453-21(f) - assuming we qualify for 20% of \$8.84 / sq ft |
| Insurance | - | 150,000 | 154,500 | 159,135 | 163,909 | |
| Mortgage payments | 994,688 | 1,326,251 | 1,326,251 | 1,326,251 | 1,326,251 | Annual mortgage payments for \$16.5 m amortized over 25 years |
| Regular Program Expenditure | | | | | | |
| Programs | 7,239,227 | 7,492,600 | 7,754,841 | 8,026,260 | 8,307,179 | % incr from exp assumptions |
| Insurance | 137,000 | - | - | - | - | Total insurance costs from 2010 accounted for in 40 Sheppard |
| Employee Future Benefits | 1,191,000 | 1,274,370 | 1,363,576 | 1,459,026 | 1,561,158 | driven by actuarial evaluation |
| Full-time salaries | 8,159,167 | 8,485,534 | 8,824,955 | 9,177,953 | 9,545,071 | % incr from exp assumptions |
| Occupancy Cost at 25 Sheppard | 1,160,515 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Taxes at 25 Sheppard | 174,335 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Council Sp. Projects | 600,000 | 618,000 | 636,540 | 655,636 | 675,305 | |
| TOTAL EXPENDITURES | 21,077,545 | 20,482,215 | 21,371,858 | 22,249,308 | 23,094,865 | |
| NET INCOME | -1,107,497 | 146,852 | 29,121 | 45,557 | 135,442 | |

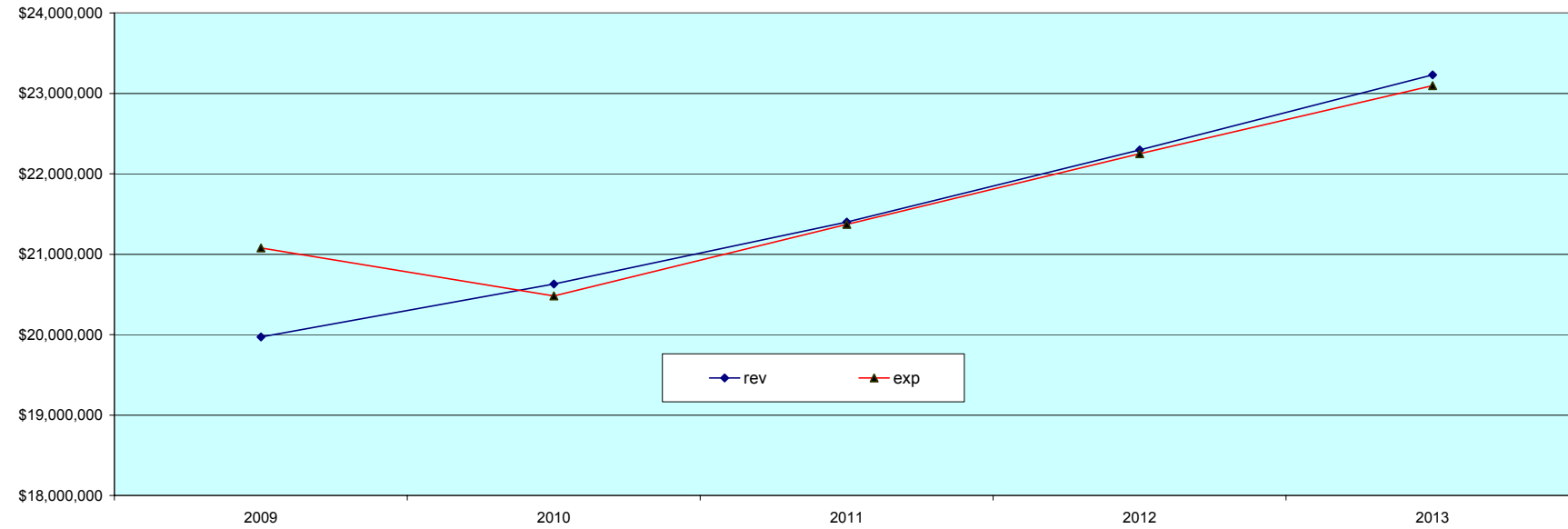
| OPERATING RESERVE - WITH BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| GENERAL OPERATING RESERVE - Beginning Balance | 11,000,000 | 12,570,233 | 14,321,579 | 16,028,621 | 17,829,038 | Assuming we will have approx \$11 m at the end of 2008 |
| Building fund | 1,758,395 | 1,310,249 | 1,364,241 | 1,420,458 | 1,478,993 | 2009 amount includes 2008 accumulation |
| Excess of Revenue over Expenses (Deficiency) | -1,107,497 | 146,852 | 29,121 | 45,557 | 135,442 | |
| Principle payment and front end costs | 919,334 | 294,245 | 313,682 | 334,402 | 356,492 | |
| GENERAL OPERATING RESERVE - Ending Balance | 12,570,233 | 14,321,579 | 16,028,621 | 17,829,038 | 19,799,966 | |
| ALLOCATION of OPERATING RESERVE | | | | | | |
| BUILDING EQUITY (CAPITAL ASSETS) - Beginning Balance | 8,212,325 | 8,419,334 | 8,713,579 | 9,027,261 | 9,361,663 | Beginning equity includes \$7.5 m downpayment and land transfer tax of \$712k |
| Addition to Building Equity (principal component of mortgage) | 207,009 | 294,245 | 313,682 | 334,402 | 356,492 | |
| Sub total | 8,419,334 | 8,713,579 | 9,027,261 | 9,361,663 | 9,718,155 | |
| Reserve for Building Fund -yrlly contr. | 1,758,395 | 1,310,249 | 1,364,241 | 1,420,458 | 1,478,993 | |
| Reserve for Building Fund -End Bal | 1,758,395 | 3,068,644 | 4,432,885 | 5,853,343 | 7,332,336 | |
| Sub total | 10,177,729 | 11,782,223 | 13,460,145 | 15,215,006 | 17,050,491 | |
| Tenant Improvements | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 0 | |
| General Reserve | 1,392,503 | 1,539,355 | 1,568,476 | 2,614,033 | 2,749,475 | |
| RECONCILIATION OF OPERATING RESERVE - Ending Balance | 12,570,233 | 14,321,579 | 16,028,621 | 17,829,038 | 19,799,966 | |

| OPERATING RESERVE - WITHOUT BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| GENERAL OPERATING RESERVE - Beginning Balance | 10,800,000 | 12,564,551 | 13,892,240 | 15,286,491 | 16,750,871 | |
| Net Income | 6,156 | 24,601 | 44,876 | 67,067 | 91,256 | |
| Building fund | 1,758,395 | 1,303,088 | 1,349,375 | 1,397,312 | 1,446,959 | |
| Tenant Improvements | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | |
| General Operating Reserve - Ending Balance | 12,764,551 | 14,092,240 | 15,486,491 | 16,950,871 | 18,489,086 | |

Changes in Owners Equity



Revenue and Expenses - for Sensitivity Analysis



DRAFT - EXPECTED CHANGES IN REVENUE AND EXPENSES AFTER PURCHASE OF 41Lesmill (2009 - 2013)

| Building Assumptions | |
|--|---------------------|
| Space for PEO use (sq ft) | 45,000 |
| Price for land | 4,000,000 |
| Price for bldg | \$6,300,000 |
| Total Purchase Price | \$10,300,000 |
| Downpayment | \$7,500,000 |
| Mortgage | \$2,800,000 |
| Leasehold improvements | \$1,000,000 |
| Building operating expenses (\$/sq ft) | \$7.50 |
| Bldg Operating exp increase | 3.5% |
| Municipal taxes (\$/sq ft) | \$1.00 |
| Municipal Taxes increase | 3.5% |
| Land Transfer Taxes | \$300,000 |
| Insurance | \$165,000 |
| Insurance increase | 3.0% |

| Revenue Assumptions | % change |
|--|-----------------|
| Growth in P.Engs | 4.1% |
| Growth in Retirees | 4.5% |
| Growth in Appln, Regn, Exam and Other Fees | 6.0% |
| Return on Investment income | 4.5% |
| Growth in Advertising income | 6.0% |

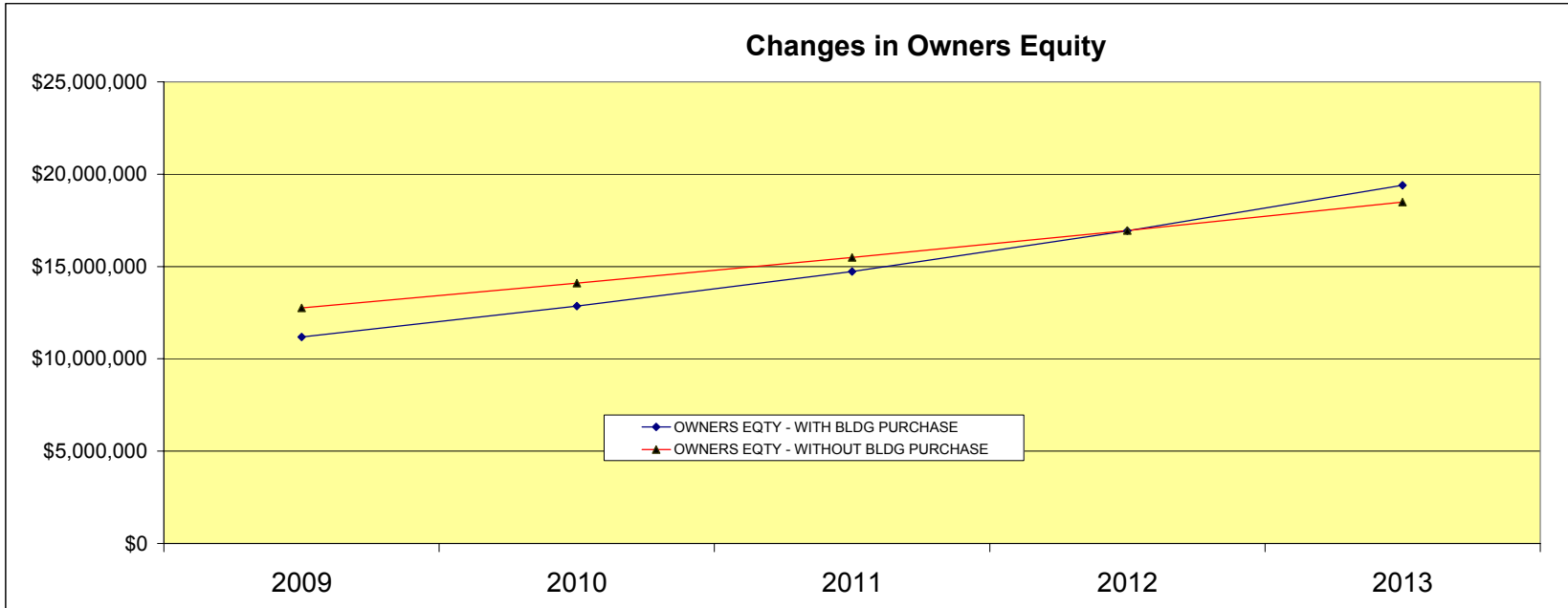
| Expenses Assumptions | % change |
|-----------------------------|-----------------|
| Programs | 3.5% |
| Full-time salaries | 4.0% |
| Employee Future Benefits | 7.0% |
| Council Sp. Projects | 3.0% |

| REVENUE | YEAR | | | | | Comments |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Revenue from Regular Operations | | | | | | |
| P.Eng Fee / mem | 220 | 220 | 220 | 220 | 220 | Fees per member remains unchanged in the next 5 yrs |
| Retiree Fee / mem | 55 | 55 | 55 | 55 | 55 | Fees per member remains unchanged in the next 5 yrs |
| No. of P.Engs | 59,673 | 62,120 | 64,666 | 67,318 | 70,078 | % incr from rev assumptions |
| No. of Retirees | 12,987 | 13,571 | 14,182 | 14,820 | 15,487 | % incr from rev assumptions |
| P.Eng Revenue | 13,128,060 | 13,666,310 | 14,226,629 | 14,809,921 | 15,417,128 | Pure P.Eng Revenue (\$200 only - \$20 set aside in bldg fund) |
| Retiree Revenue | 714,285 | 746,428 | 780,017 | 815,118 | 851,798 | Pure P.Eng Revenue (\$50 only - \$5 set aside in bldg fund) |
| Total P. Eng Revenue | 13,842,345 | 14,412,738 | 15,006,646 | 15,625,039 | 16,268,926 | |
| Rev from Applns, Regns, Exams and other fees | 4,518,450 | 4,789,557 | 5,076,930 | 5,381,546 | 5,704,439 | % incr from rev assumptions |
| Investment Income | 536,208 | 560,337 | 585,553 | 611,902 | 639,438 | % incr from rev assumptions |
| Advertising Income | 750,000 | 795,000 | 842,700 | 893,262 | 946,858 | % incr from rev assumptions |
| Less Members Contribution to Building Fund | -1,258,395 | -1,310,249 | -1,364,241 | -1,420,458 | -1,478,993 | |
| TOTAL REVENUE | 18,388,608 | 19,247,384 | 20,147,589 | 21,091,291 | 22,080,667 | |

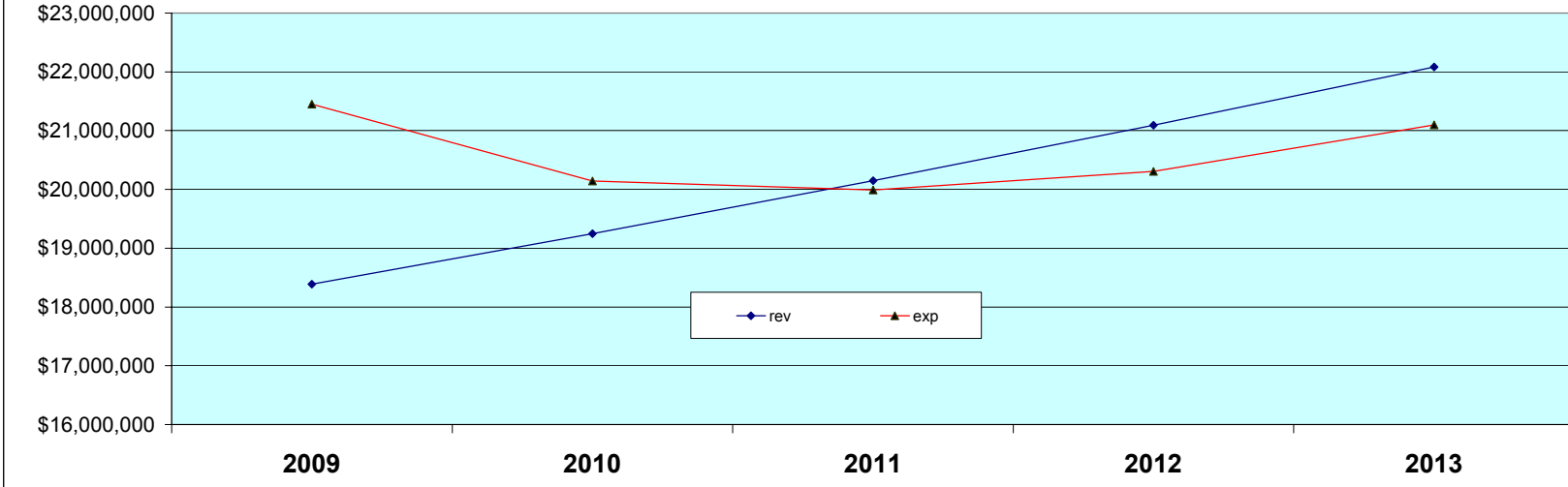
| EXPENSES | YEAR | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| One time Expenditure | | | | | | |
| Transitional costs | 400,000 | - | - | - | - | |
| Engg. Fees for due diligence | 50,000 | - | - | - | - | |
| Appraisal fee | 10,000 | - | - | - | - | |
| Legal fees | 75,000 | - | - | - | - | |
| TOTAL | 535,000 | | | | | |
| Recurring Expenditure | | | | | | |
| Amortization for PEO Office Buildout | 66,667 | 66,667 | 66,667 | 66,667 | 66,667 | Leasehold improvement amortized over 15 yrs |
| Amortization for Office Building | 315,000 | 315,000 | 315,000 | 315,000 | 315,000 | assume bld amortized over 20 yrs |
| Operating Expenses | 337,500 | 349,313 | 361,538 | 374,192 | 387,289 | |
| Municipal Taxes | 45,000 | 46,575 | 48,205 | 49,892 | 51,639 | |
| Insurance | 165,000 | 169,950 | 175,049 | 180,300 | 185,709 | |
| Mortgage payments | 1,326,251 | 1,326,251 | 441,910 | 0 | 0 | Fully paid off in 2.3 yrs |
| Regular Program Expenditure | | | | | | |
| Programs | 7,239,227 | 7,492,600 | 7,754,841 | 8,026,260 | 8,307,179 | % incr from exp assumptions |
| Insurance | 137,000 | - | - | - | - | Total insurance costs from 2010 accounted for in Recurring expenditure |
| Employee Future Benefits | 1,191,000 | 1,274,370 | 1,363,576 | 1,459,026 | 1,561,158 | driven by actuarial evaluation |
| Full-time salaries | 8,159,167 | 8,485,534 | 8,824,955 | 9,177,953 | 9,545,071 | % incr from exp assumptions |
| Occupancy Cost at 25 Sheppard | 1,160,515 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Taxes at 25 Sheppard | 174,335 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Council Sp. Projects | 600,000 | 618,000 | 636,540 | 655,636 | 675,305 | |
| TOTAL EXPENDITURES | 21,451,662 | 20,144,259 | 19,988,281 | 20,304,927 | 21,095,017 | |
| NET INCOME | -3,063,054 | -896,875 | 159,308 | 786,364 | 985,650 | |

| OPERATING RESERVE - WITH BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| GENERAL OPERATING RESERVE - Beginning Balance | 11,000,000 | 11,176,324 | 12,848,693 | 14,732,264 | 16,939,086 | Assuming we will have approx \$11 m at the end of 2008 |
| Building fund | 1,758,395 | 1,310,249 | 1,364,241 | 1,420,458 | 1,478,993 | 2009 amount includes 2008 accumulation |
| Excess of Revenue over Expenses (Deficiency) | -3,063,054 | -896,875 | 159,308 | 786,364 | 985,650 | |
| Principle payment and front end costs | 1,480,983 | 1,258,994 | 360,022 | 0 | 0 | includes land transfer tax |
| GENERAL OPERATING RESERVE - Ending Balance | 11,176,324 | 12,848,693 | 14,732,264 | 16,939,086 | 19,403,729 | |
| ALLOCATION of OPERATING RESERVE | | | | | | |
| BUILDING EQUITY (CAPITAL ASSETS) - Beginning Balance | 7,800,000 | 8,980,983 | 10,239,977 | 10,600,000 | 10,600,000 | Beginning equity includes down payment and land transfer tax |
| Addition to Building Equity (principal component of mortgage) | 1,180,983 | 1,258,994 | 360,022 | 0 | 0 | |
| Reserve for Building Fund -End Bal | 1,758,395 | 3,068,644 | 4,432,885 | 5,853,343 | 7,332,336 | |
| Tenant Improvements | 500,000 | 500,000 | 0 | 0 | 0 | |
| General Reserve | -63,054 | -959,929 | -300,621 | 485,743 | 1,471,394 | |
| RECONCILIATION OF OPERATING RESERVE - Ending Balance | 11,176,324 | 12,848,693 | 14,732,264 | 16,939,086 | 19,403,729 | |

| OPERATING RESERVE - WITHOUT BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| GENERAL OPERATING RESERVE - Beginning Balance | 10,800,000 | 12,564,551 | 13,892,240 | 15,286,491 | 16,750,871 | |
| Net Income | 6,156 | 24,601 | 44,876 | 67,067 | 91,256 | |
| Building fund | 1,758,395 | 1,303,088 | 1,349,375 | 1,397,312 | 1,446,959 | |
| Tenant Improvements | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | |
| General Operating Reserve - Ending Balance | 12,764,551 | 14,092,240 | 15,486,491 | 16,950,871 | 18,489,086 | |



Revenue and Expenses - for Sensitivity Analysis (with Building Purchase)



| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----|--------------|--------------|--------------|--------------|--------------|
| rev | \$18,388,608 | \$19,247,384 | \$20,147,589 | \$21,091,291 | \$22,080,667 |
| exp | \$21,451,662 | \$20,144,259 | \$19,988,281 | \$20,304,927 | \$21,095,017 |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| OWNERS EQTY - WITH BLDG PURCHASE | \$11,176,324 | \$12,848,693 | \$14,732,264 | \$16,939,086 | \$19,403,729 |
| OWNERS EQTY - WITHOUT BLDG PURCHASE | \$12,764,551 | \$14,092,240 | \$15,486,491 | \$16,950,871 | \$18,489,086 |

DRAFT - EXPECTED CHANGES IN REVENUE AND EXPENSES AFTER PURCHASE OF 39 - 41Lesmill (2009 - 2013)

| Building Assumptions | |
|--|---------------------|
| Space for PEO use (sq ft) | 55,000 |
| Price for land | 6,000,000 |
| Price for bldg | \$6,300,000 |
| Total Purchase Price | \$12,300,000 |
| Downpayment | \$7,500,000 |
| Mortgage | \$4,800,000 |
| Leasehold improvements | \$2,000,000 |
| Building operating expenses (\$/sq ft) | \$7.50 |
| Bldg Operating exp increase | 3.5% |
| Municipal taxes (\$/sq ft) | \$1.00 |
| Municipal Taxes increase | 3.5% |
| Land Transfer Taxes | \$425,000 |
| Insurance | \$125,000 |
| Insurance increase | 3.0% |

| Revenue Assumptions | % change |
|--|----------|
| Growth in P.Engs | 4.1% |
| Growth in Retirees | 4.5% |
| Growth in Appln, Regn, Exam and Other Fees | 6.0% |
| Return on Investment income | 4.5% |
| Growth in Advertising income | 6.0% |

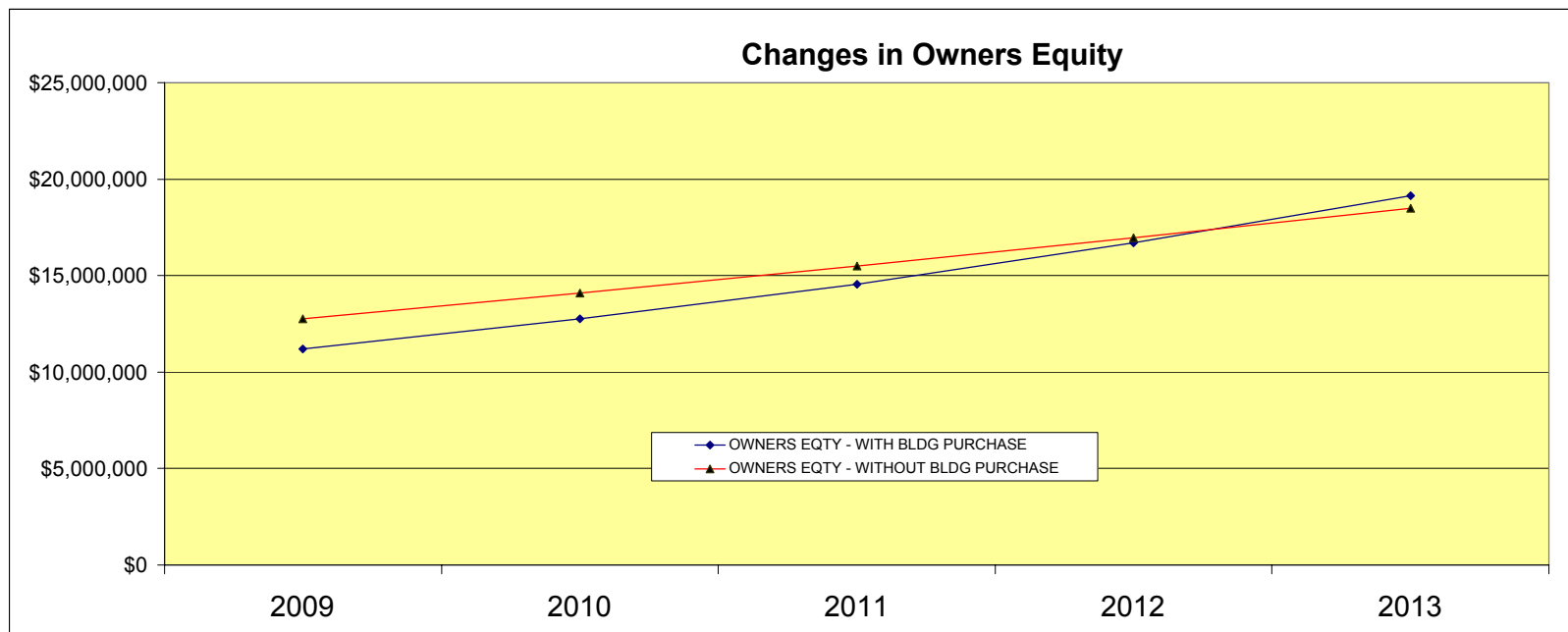
| Expenses Assumptions | % change |
|--------------------------|----------|
| Programs | 3.5% |
| Full-time salaries | 4.0% |
| Employee Future Benefits | 7.0% |
| Council Sp. Projects | 3.0% |

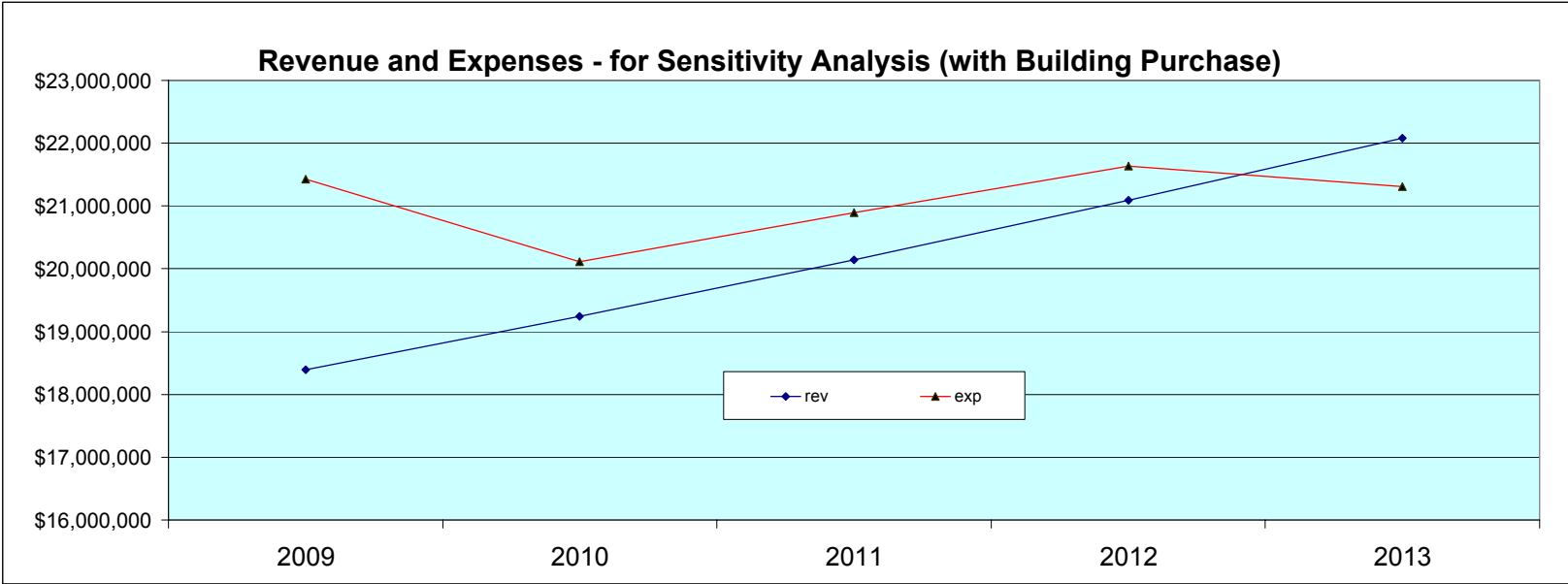
| REVENUE | YEAR | | | | | Comments |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Revenue from Regular Operations | | | | | | |
| P.Eng Fee / mem | 220 | 220 | 220 | 220 | 220 | Fees per member remains unchanged in the next 5 yrs |
| Retiree Fee / mem | 55 | 55 | 55 | 55 | 55 | Fees per member remains unchanged in the next 5 yrs |
| No. of P.Engs | 59,673 | 62,120 | 64,666 | 67,318 | 70,078 | % incr from rev assumptions |
| No. of Retirees | 12,987 | 13,571 | 14,182 | 14,820 | 15,487 | % incr from rev assumptions |
| P.Eng Revenue | 13,128,060 | 13,666,310 | 14,226,629 | 14,809,921 | 15,417,128 | Pure P.Eng Revenue (\$200 only - \$20 set aside in bldg fund) |
| Retiree Revenue | 714,285 | 746,428 | 780,017 | 815,118 | 851,798 | Pure P.Eng Revenue (\$50 only - \$5 set aside in bldg fund) |
| Total P. Eng Revenue | 13,842,345 | 14,412,738 | 15,006,646 | 15,625,039 | 16,268,926 | |
| Rev from Applns, Regns, Exams and other fees | 4,518,450 | 4,789,557 | 5,076,930 | 5,381,546 | 5,704,439 | % incr from rev assumptions |
| Investment Income | 536,208 | 560,337 | 585,553 | 611,902 | 639,438 | % incr from rev assumptions |
| Advertising Income | 750,000 | 795,000 | 842,700 | 893,262 | 946,858 | % incr from rev assumptions |
| Less Members Contribution to Building Fund | -1,258,395 | -1,310,249 | -1,364,241 | -1,420,458 | -1,478,993 | |
| TOTAL REVENUE | 18,388,608 | 19,247,384 | 20,147,589 | 21,091,291 | 22,080,667 | |

| EXPENSES | YEAR | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| One time Expenditure | | | | | | |
| Transitional costs | 400,000 | - | - | - | - | |
| Engg. Fees for due diligence | 50,000 | - | - | - | - | |
| Appraisal fee | 10,000 | - | - | - | - | |
| Legal fees | 75,000 | - | - | - | - | |
| TOTAL | 535,000 | | | | | |
| Recurring Expenditure | | | | | | |
| Amortization for PEO Office Buildout | 66,667 | 66,667 | 133,333 | 133,333 | 133,333 | Leasehold improvement amortized over 15 yrs (\$1m from 2009 and add \$1m from 2011 onw |
| Amortization for Office Building | 210,000 | 210,000 | 210,000 | 210,000 | 210,000 | bldg amortized over 30 yrs |
| Operating Expenses | 427,500 | 427,500 | 427,500 | 427,500 | 427,500 | \$7.5 sq ft for 45,000 sq ft and \$9 / sq ft for 10,000 sq ft |
| Municipal Taxes | 55,000 | 56,925 | 56,925 | 56,925 | 56,925 | |
| Insurance | 150,000 | 154,500 | 159,135 | 163,909 | 168,826 | |
| Mortgage payments | 1,326,251 | 1,326,251 | 1,326,251 | 1,326,251 | 221,042 | Fully paid off in 4.13 yrs |
| Regular Program Expenditure | | | | | | |
| Programs | 7,239,227 | 7,492,600 | 7,754,841 | 8,026,260 | 8,307,179 | % incr from exp assumptions |
| Insurance | 137,000 | - | - | - | - | Total insurance costs from 2010 accounted for in Recurring expenditure |
| Employee Future Benefits | 1,191,000 | 1,274,370 | 1,363,576 | 1,459,026 | 1,561,158 | driven by actuarial evaluation |
| Full-time salaries | 8,159,167 | 8,485,534 | 8,824,955 | 9,177,953 | 9,545,071 | % incr from exp assumptions |
| Occupancy Cost at 25 Sheppard | 1,160,515 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Taxes at 25 Sheppard | 174,335 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Council Sp. Projects | 600,000 | 618,000 | 636,540 | 655,636 | 675,305 | |
| TOTAL EXPENDITURES | 21,431,662 | 20,112,346 | 20,893,056 | 21,636,794 | 21,306,341 | |
| NET INCOME | -3,043,054 | -864,963 | -745,468 | -545,503 | 774,327 | |

| OPERATING RESERVE - WITH BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| GENERAL OPERATING RESERVE - Beginning Balance | 11,000,000 | 11,189,212 | 12,752,653 | 14,563,442 | 16,709,154 | Assuming we will have approx \$11 m at the end of 2008 |
| Building fund | 1,758,395 | 1,310,249 | 1,364,241 | 1,420,458 | 1,478,993 | 2009 amount includes 2008 accumulation |
| Excess of Revenue over Expenses (Deficiency) | -3,043,054 | -864,963 | -745,468 | -545,503 | 774,327 | |
| Principle payment and front end costs | 1,473,871 | 1,118,155 | 1,192,016 | 1,270,756 | 170,202 | includes land transfer tax |
| GENERAL OPERATING RESERVE - Ending Balance | 11,189,212 | 12,752,653 | 14,563,442 | 16,709,154 | 19,132,676 | |
| ALLOCATION of OPERATING RESERVE | | | | | | |
| BUILDING EQUITY (CAPITAL ASSETS) - Beginning Balance | 7,925,000 | 8,973,871 | 10,092,026 | 11,284,042 | 12,554,798 | Beginning equity includes down payment and land transfer tax |
| Addition to Building Equity (principal component of mortgage) | 1,048,871 | 1,118,155 | 1,192,016 | 1,270,756 | 170,202 | |
| Tenant Improvements | 1,000,000 | 500,000 | 500,000 | 0 | 0 | |
| General Reserve | -543,054 | -908,016 | -1,653,484 | -1,698,987 | -924,660 | |
| RECONCILIATION OF OPERATING RESERVE - Ending Balance | 11,189,212 | 12,752,653 | 14,563,442 | 16,709,154 | 19,132,676 | |

| OPERATING RESERVE - WITHOUT BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| GENERAL OPERATING RESERVE - Beginning Balance | 10,800,000 | 12,564,551 | 13,892,240 | 15,286,491 | 16,750,871 | |
| Net Income | 6,156 | 24,601 | 44,876 | 67,067 | 91,256 | |
| Building find | 1,758,395 | 1,303,088 | 1,349,375 | 1,397,312 | 1,446,959 | |
| Tenant Improvements | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | |
| General Operating Reserve - Ending Balance | 12,764,551 | 14,092,240 | 15,486,491 | 16,950,871 | 18,489,086 | |





| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----|--------------|--------------|--------------|--------------|--------------|
| rev | \$18,388,608 | \$19,247,384 | \$20,147,589 | \$21,091,291 | \$22,080,667 |
| exp | \$21,431,662 | \$20,112,346 | \$20,893,056 | \$21,636,794 | \$21,306,341 |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| OWNERS EQTY - WITH BLDG PURCHASE | \$11,189,212 | \$12,752,653 | \$14,563,442 | \$16,709,154 | \$19,132,676 |
| OWNERS EQTY - WITHOUT BLDG PURCHASE | \$12,764,551 | \$14,092,240 | \$15,486,491 | \$16,950,871 | \$18,489,086 |

DRAFT - EXPECTED CHANGES IN REVENUE AND EXPENSES AFTER PURCHASE OF 405 Gordon Baker (2009 - 2013)

| Building Assumptions | |
|--|--------------------|
| Space for PEO use (sq ft) | 83,716 |
| Price for land | \$3,000,000 |
| Price for bldg | \$3,500,000 |
| Total Purchase Price | \$6,500,000 |
| Downpayment | \$6,500,000 |
| Mortgage | \$0 |
| Leasehold improvements | \$3,000,000 |
| Building operating expenses (\$/sq ft) | \$3.00 |
| Bldg Operating exp increase | 3.5% |
| Municipal taxes (\$/sq ft) | \$0.40 |
| Municipal Taxes increase | 3.5% |
| Land Transfer Taxes | \$200,000 |
| Insurance | \$150,000 |
| Insurance increase | 3.0% |

| Revenue Assumptions | % change |
|--|----------|
| Growth in P.Engs | 4.1% |
| Growth in Retirees | 4.5% |
| Growth in Appln, Regn, Exam and Other Fees | 6.0% |
| Return on Investment income | 4.5% |
| Growth in Advertising income | 6.0% |

| Expenses Assumptions | % change |
|--------------------------|----------|
| Programs | 3.5% |
| Full-time salaries | 4.0% |
| Employee Future Benefits | 7.0% |
| Council Sp. Projects | 3.0% |

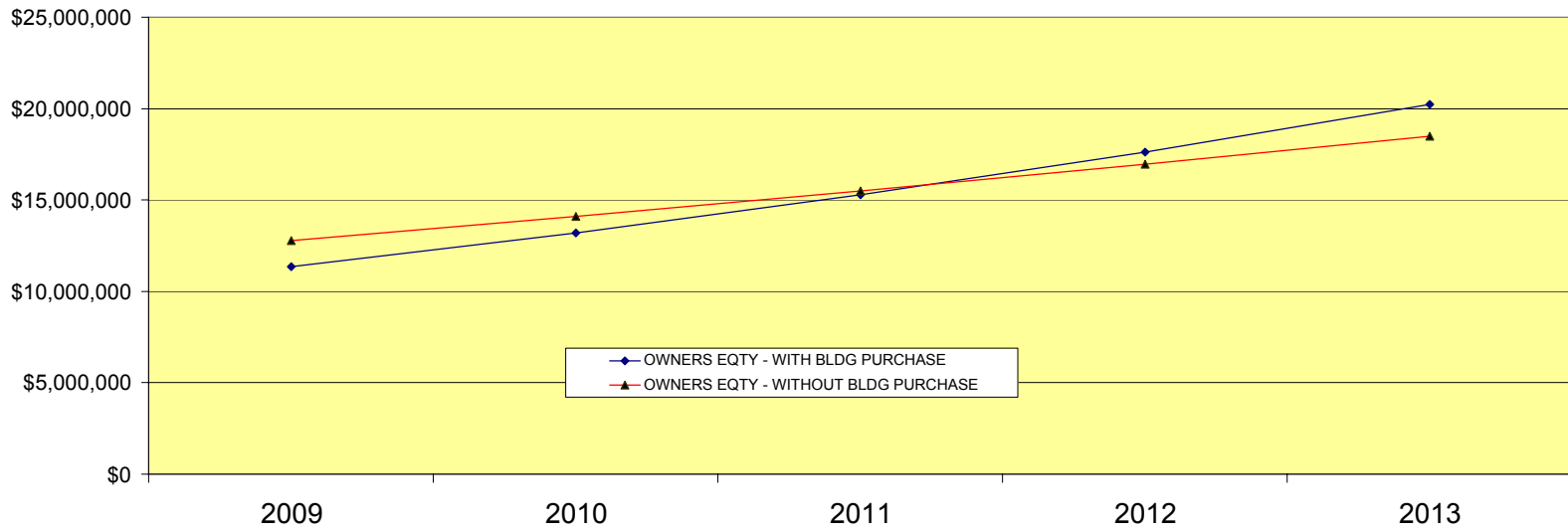
| REVENUE | YEAR | | | | | Comments |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| Revenue from Regular Operations | | | | | | |
| P.Eng Fee / mem | 220 | 220 | 220 | 220 | 220 | Fees per member remains unchanged in the next 5 yrs |
| Retiree Fee / mem | 55 | 55 | 55 | 55 | 55 | Fees per member remains unchanged in the next 5 yrs |
| No. of P.Engs | 59,673 | 62,120 | 64,666 | 67,318 | 70,078 | % incr from rev assumptions |
| No. of Retirees | 12,987 | 13,571 | 14,182 | 14,820 | 15,487 | % incr from rev assumptions |
| P.Eng Revenue | 13,128,060 | 13,666,310 | 14,226,629 | 14,809,921 | 15,417,128 | Pure P.Eng Revenue (\$200 only - \$20 set aside in bldg fund) |
| Retiree Revenue | 714,285 | 746,428 | 780,017 | 815,118 | 851,798 | Pure P.Eng Revenue (\$50 only - \$5 set aside in bldg fund) |
| Total P. Eng Revenue | 13,842,345 | 14,412,738 | 15,006,646 | 15,625,039 | 16,268,926 | |
| Rev from Applns, Regns, Exams and other fees | 4,518,450 | 4,789,557 | 5,076,930 | 5,381,546 | 5,704,439 | % incr from rev assumptions |
| Investment Income | 536,208 | 560,337 | 585,553 | 611,902 | 639,438 | % incr from rev assumptions |
| Advertising Income | 750,000 | 795,000 | 842,700 | 893,262 | 946,858 | % incr from rev assumptions |
| Less Members Contribution to Building Fund | -1,258,395 | -1,310,249 | -1,364,241 | -1,420,458 | -1,478,993 | |
| TOTAL REVENUE | 18,388,608 | 19,247,384 | 20,147,589 | 21,091,291 | 22,080,667 | |

| EXPENSES | YEAR | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| One time Expenditure | | | | | | |
| Transitional costs | 400,000 | - | - | - | - | |
| Engg. Fees for due diligence | 50,000 | - | - | - | - | |
| Appraisal fee | 10,000 | - | - | - | - | |
| Legal fees | 75,000 | - | - | - | - | |
| TOTAL | 535,000 | | | | | |
| Recurring Expenditure | | | | | | |
| Amortization for PEO Office Buildout | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | Leasehold improvement amortized over 15 yrs |
| Amortization for Office Building | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 | bdg amortized over 20 yrs |
| Operating Expenses | 251,148 | 259,938 | 269,036 | 278,452 | 288,198 | |
| Municipal Taxes | 33,486 | 34,658 | 35,871 | 37,127 | 38,426 | |
| Insurance | 150,000 | 154,500 | 159,135 | 163,909 | 168,826 | |
| Mortgage payments | 0 | 0 | 0 | 0 | 0 | No mortgage as downpayment covers purchase price |
| Regular Program Expenditure | | | | | | |
| Programs | 7,239,227 | 7,492,600 | 7,754,841 | 8,026,260 | 8,307,179 | % incr from exp assumptions |
| Insurance | 137,000 | - | - | - | - | Total insurance costs from 2010 accounted for in Recurring expenditure |
| Employee Future Benefits | 1,191,000 | 1,274,370 | 1,363,576 | 1,459,026 | 1,561,158 | driven by actuarial evaluation |
| Full-time salaries | 8,159,167 | 8,485,534 | 8,824,955 | 9,177,953 | 9,545,071 | % incr from exp assumptions |
| Occupancy Cost at 25 Sheppard | 1,160,515 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Taxes at 25 Sheppard | 174,335 | - | - | - | - | Assuming we will continue to use 25 Sheppard in 09 |
| Council Sp. Projects | 600,000 | 618,000 | 636,540 | 655,636 | 675,305 | |
| TOTAL EXPENDITURES | 20,005,878 | 18,694,600 | 19,418,954 | 20,173,364 | 20,959,165 | |
| NET INCOME | -1,617,270 | 552,783 | 728,634 | 917,927 | 1,121,502 | |

| OPERATING RESERVE - WITH BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| GENERAL OPERATING RESERVE - Beginning Balance | 11,000,000 | 11,341,125 | 13,204,157 | 15,297,032 | 17,635,417 | Assuming we will have approx \$11 m at the end of 2008 |
| Building fund | 1,758,395 | 1,310,249 | 1,364,241 | 1,420,458 | 1,478,993 | 2009 amount includes 2008 accumulation |
| Excess of Revenue over Expenses (Deficiency) | -1,617,270 | 552,783 | 728,634 | 917,927 | 1,121,502 | |
| Principle payment and front end costs | 200,000 | 0 | 0 | 0 | 0 | includes land transfer tax |
| GENERAL OPERATING RESERVE - Ending Balance | 11,341,125 | 13,204,157 | 15,297,032 | 17,635,417 | 20,235,913 | |
| ALLOCATION of OPERATING RESERVE | | | | | | |
| BUILDING EQUITY (CAPITAL ASSETS) - Beginning Balance | 6,700,000 | 6,700,000 | 6,700,000 | 6,700,000 | 6,700,000 | Beginning equity includes down payment and land transfer tax |
| Addition to Building Equity (principal component of mortgage) | 0 | 0 | 0 | 0 | 0 | No mortgage taken - downpayment is purchase price |
| Reserve for Building Fund -End Bal | 1,758,395 | 3,068,644 | 4,432,885 | 5,853,343 | 7,332,336 | |
| Tenant Improvements | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 0 | |
| General Reserve | 1,882,730 | 2,435,513 | 3,164,147 | 5,082,074 | 6,203,577 | |
| RECONCILIATION OF OPERATING RESERVE - Ending Balance | 11,341,125 | 13,204,157 | 15,297,032 | 17,635,417 | 20,235,913 | |

| OPERATING RESERVE - WITHOUT BUILDING PURCHASE | 2009 | 2010 | 2011 | 2012 | 2013 | Comments |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------|
| GENERAL OPERATING RESERVE - Beginning Balance | 10,800,000 | 12,564,551 | 13,892,240 | 15,286,491 | 16,750,871 | |
| Net Income | 6,156 | 24,601 | 44,876 | 67,067 | 91,256 | |
| Building fund | 1,758,395 | 1,303,088 | 1,349,375 | 1,397,312 | 1,446,959 | |
| Tenant Improvements | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | |
| General Operating Reserve - Ending Balance | 12,764,551 | 14,092,240 | 15,486,491 | 16,950,871 | 18,489,086 | |

Changes in Owners Equity



Revenue and Expenses - for Sensitivity Analysis (with Building Purchase)

