

**TOWNSHIP OF NORTH HURON  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**VODDEN, BENDER & SEEBACH LLP**  
*Chartered Professional Accountants*

Vodden, Bender & Seebach LLP  
Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of North Huron

We have audited the accompanying financial statements of the Corporation of the Township of North Huron, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of North Huron as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 21, 2017

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2016</b>	<b>2015</b>
<b>FINANCIAL ASSETS</b>		
Cash	10,121,359	10,317,505
Taxes receivable	618,086	603,439
Accounts receivable	2,931,775	1,056,449
Long-term receivables (note 4)	41,355	46,910
Long-term investments (note 5)	1,620,038	1,620,038
	<u>15,332,613</u>	<u>13,644,341</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,024,748	807,381
Landfill closure and post-closure liability (note 7)	329,600	323,000
Deferred revenue - obligatory reserve funds	471,276	406,107
Municipal debt (note 8)	2,103,094	2,274,139
	<u>4,928,718</u>	<u>3,810,627</u>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 10,403,895</b>	<b>\$ 9,833,714</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (note 10)	<u>49,906,983</u>	<u>48,916,036</u>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b><u>\$ 60,310,878</u></b>	<b><u>\$ 58,749,750</u></b>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	4,773,978	4,774,264	4,576,725
User fees, licences, permits, and donations	5,940,305	5,255,376	4,282,403
Government transfers - Canada and Ontario	1,953,125	2,401,728	2,102,156
Government transfers - other municipalities	924,683	1,297,781	987,708
Investment income	55,850	179,847	178,134
Penalties and interest on taxes	65,000	79,286	80,728
Gain (loss) on disposition of tangible capital assets	-	(25,816)	(31,372)
	<u>13,712,941</u>	<u>13,962,466</u>	<u>12,176,482</u>
<b>Expenditure</b>			
General government	1,132,562	1,126,759	944,943
Protection to persons and property	2,818,842	2,719,564	2,532,583
Transportation services	2,170,374	2,392,850	1,998,077
Environmental services	2,232,858	2,014,966	2,087,242
Health services	99,973	67,247	92,869
Social and family services	961,180	1,117,113	1,000,584
Recreation and cultural services	3,133,286	2,942,425	2,792,925
Planning and development	41,200	20,414	19,935
	<u>12,590,275</u>	<u>12,401,338</u>	<u>11,469,158</u>
<b>Annual surplus (deficit)</b>	1,122,666	1,561,128	707,324
<b>Accumulated surplus, beginning of year</b>	58,749,750	58,749,750	58,042,426
<b>Accumulated surplus, end of year</b>	<u>\$ 59,872,416</u>	<u>\$ 60,310,878</u>	<u>\$ 58,749,750</u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Annual surplus (deficit)	1,122,666	<b>1,561,128</b>	707,324
Amortization of tangible capital assets	1,856,971	<b>2,087,178</b>	1,626,763
Net acquisition of tangible capital assets	(4,455,017)	<b>(3,103,941)</b>	(502,445)
Loss (gain) on sale of tangible capital assets	-	<b>25,816</b>	31,372
	<u>(1,475,380)</u>	<u>570,181</u>	<u>1,863,014</u>
<b>Net financial assets, beginning of year</b>	<u>9,833,714</u>	<u><b>9,833,714</b></u>	<u>7,970,700</u>
<b>Net financial assets, end of year</b>	<u><b>\$ 8,358,334</b></u>	<u><b>\$ 10,403,895</b></u>	<u><b>\$ 9,833,714</b></u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF CASH FLOW**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Annual surplus (deficit)	1,561,128	707,324
Amortization expense not requiring cash outlay	2,087,178	1,626,763
Loss (gain) on disposition of tangible capital assets	25,816	31,372
Decrease (increase) in taxes receivable	(14,647)	48,783
Decrease (increase) in accounts receivable	(1,875,326)	(42,720)
Increase (decrease) in accounts payable and accrued liabilities	1,217,367	173,733
Increase (decrease) in landfill closure & post-closure liability	6,600	6,300
Increase (decrease) in deferred revenue	65,169	111,804
Cash provided by (used for) operating activities	<u>3,073,285</u>	<u>2,663,359</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	(3,103,941)	(502,445)
Cash provided by (used for) capital activities	<u>(3,103,941)</u>	<u>(502,445)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	5,555	(17,692)
Cash provided by (used for) investing activities	<u>5,555</u>	<u>(17,692)</u>
<b>Financing activities</b>		
Proceeds from long-term debt issued	-	21,400
Principal repayments on long-term debt	(171,045)	(163,055)
Cash provided by (used for) financing activities	<u>(171,045)</u>	<u>(141,655)</u>
<b>Increase (decrease) in cash position</b>	<b>(196,146)</b>	<b>2,001,567</b>
<b>Cash (overdraft) beginning of year</b>	<b>10,317,505</b>	<b>8,315,938</b>
<b>Cash (overdraft) end of year</b>	<b><u>\$ 10,121,359</u></b>	<b><u>\$ 10,317,505</u></b>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2016**

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**1. Accounting policies**

The consolidated financial statements of the Corporation of the Township of North Huron (the "Township") are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the Township are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the Township and the Township's proportionate share of joint local boards.

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period	Capitalization Threshold
Land	not applicable	\$ 0
Land improvements	15 - 75 years	25,000
Buildings	15 - 90 years	50,000
Machinery and equipment	10 - 20 years	5,000 - 15,000
Vehicles	5 - 15 years	5,000
Information technology	5 - 10 years	5,000
Transportation infrastructure	20 - 100 years	5,000
Watermains infrastructure	75 years	5,000
Sewermain infrastructure	75 years	5,000
Stormsewer infrastructure	50 - 75 years	5,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

The Township has a capitalized threshold of \$0 - \$50,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value.

e) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.



**1. Accounting policies (continued)**

f) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged.

h) Landfill Site Closure and Post-Closure Care

Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the Township.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

j) Pensions

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

k) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Operations of school boards and county**

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	2016	2015
County of Huron	\$ 2,107,074	\$ 2,073,853
School Boards	1,203,445	1,188,862

### 3. Trust funds

Trust funds administered by the Township amounting to \$478,086 (2015 : \$466,622) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

### 4. Long-term receivables

	2016	2015
Tile loans, 6% - 8%, principal and interest receivable annually, due 2017 through 2026	<u>\$ 41,355</u>	<u>\$ 46,910</u>
Amounts due in the next five years are as follows:		
2017: \$6,000      2018: \$6,400      2019: \$6,700      2020: \$7,100      2021: \$7,500		

### 5. Long-term investments

	2016	2015
Note receivable, Westario Power Inc.	399,682	399,682
Common shares, Westario Power Holdings Inc.	<u>1,220,356</u>	<u>1,220,356</u>
	<u>\$ 1,620,038</u>	<u>\$ 1,620,038</u>

Effective November 1, 2000, the Township transferred its electrical utilities to Westario Power Inc. The above note receivable and common shares were received in consideration for the transfer.

The note from Westario Power Inc. is receivable on demand, but, since it is not the intention to demand payment within the next fiscal year, it is shown as long-term.

The Township owns 7.715% of the outstanding common shares of Westario Power Holdings Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations.

### 6. Pension agreements

The Township makes contributions to a multi-employer pension plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed for 2016 was \$332,461 (2015 : \$333,263) for current services and is included as an expenditure on the consolidated statement of financial activities.

OMERS is a multi-employer plan, therefore any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

### 7. Landfill closure and post-closure cost liability

PSAB Handbook Section 3270: Solid Waste Landfill Closure and Post-Closure Liability, sets out the standard for anticipated closure and post-closure costs for existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The landfill closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems, and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs.

## 7. Landfill closure and post-closure cost liability (continued)

Key assumptions in determining the liability at December 31, 2016 for the landfills are as follows:

Remaining site life	50 - 119 years
Discount rate	2%
Estimated time required for post-closure care	25 - 116 years

A reserve has been established to partially provide for this sanitary landfill site closure and post-closure liability. The reserve balance At December 31, 2016 is \$166,259 (2015 : \$142,048). The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

## 8. Municipal debt

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2016	2015
OIPC loan payable, 4.24% interest, \$49,021 blended payment payable semi-annually, due March 2026	760,138	823,916
OIPC loan payable, 3.76% interest, \$17,712 blended payment payable semi-annually, due March 2021	145,402	174,535
OILC loan payable, 3.71% interest, \$42,759 blended payment payable semi-annually, due April 2032	1,001,210	1,048,270
OILC loan payable, 3.04% interest, \$15,407 blended payment payable semi-annually, due April 2022	154,989	180,508
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2017 through 2026	41,355	46,910
	<u>\$ 2,103,094</u>	<u>\$ 2,274,139</u>

Principal payments recoverable from property owners in the next

five years to finance the bank demand and term loans and municipal debentures are:

2017: \$171,900    2018: \$178,500    2019: \$185,400    2020: \$192,600    2021: \$182,300

## 9. Contingency for long-term liabilities

The Township is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the responsibility for payment of principal and interest has been assumed by other municipalities, school boards, and unconsolidated entities. At December 31, the principal amounts outstanding are as follows:

	2016	2015
Tile drainage loans assumed by individuals	\$ 41,355	\$ 46,910

#### 10. Tangible capital assets

The Township's policy on accounting for tangible capital assets follows:

i) Contributed tangible capital assets

The Township records all tangible capital assets contributed by external parties at fair value.

ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the Township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

#### 11. Segmented information

The Township of North Huron is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the Township itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation Services

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Social and Family Services

This service area includes childcare and other social services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

## 12. Accumulated surplus

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	2016	2015
General revenue accumulated surplus	\$ 684,402	\$ 691,004
Invested in tangible capital assets	47,845,244	46,688,807
Long-term investment in Westario Power	1,620,038	1,620,038
Reserves and reserve funds	<u>10,161,194</u>	<u>9,749,901</u>
	<u>\$ 60,310,878</u>	<u>\$ 58,749,750</u>

For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Deferred Revenue.

## 13. Financial instrument risk management

### Credit risk

The Township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

### Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

## 14. Contingent liability

The Township has been notified of liability claims. Because the claims are within the Township's insurance coverage, no provision has been made for the contingency in the financial statements.

**15. Budget amounts**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2016 budget amounts for the Corporation of the Township of North Huron approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. Budget amounts were not available for certain boards consolidated by the Township. The budget figures have not been audited.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	4,455,017
Amortization of tangible capital assets	(2,087,178)
Debt principal repayments	172,936
Net reserve, reserve fund, and surplus transfers	<u>(1,418,109)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 1,122,666</u>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2016**

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Information Technology	Roads and Land Improvements	Underground and other Networks	Bridges and other Structures	Assets Under Construction	TOTAL Net Book Value 2016	TOTAL Net Book Value 2015
<b>Cost</b>											
Balance, beginning of year	2,729,369	22,423,818	2,497,142	2,538,436	150,997	14,260,730	34,865,682	2,229,845	653,150	82,349,169	82,058,142
Add: Additions during the year	45,419	60,807	55,035	392,878	42,541	39,859	241,914		2,477,652	3,356,103	553,948
Less: Disposals during the year			(10,752)	(136,716)			(70,608)		(209,484)	(427,660)	(262,921)
Transfers and reallocations	(916,603)	(6,693,085)	(8,401)			1,492,841	6,125,279	(9,306)	9,275	-	-
Balance, end of year	<u>1,858,185</u>	<u>15,791,540</u>	<u>2,533,024</u>	<u>2,794,596</u>	<u>193,538</u>	<u>15,793,430</u>	<u>41,162,267</u>	<u>2,220,539</u>	<u>2,930,593</u>	<u>85,277,712</u>	<u>82,349,169</u>
<b>Accumulated Amortization</b>											
Balance, beginning of year	502,066	8,717,156	1,212,489	1,303,374	125,514	10,559,492	10,056,550	956,492	-	33,433,133	31,986,416
Add: Amortization during the year	27,294	889,028	146,193	140,380	9,614	298,962	549,941	25,766		2,087,178	1,626,763
Less: Accumulated amortization on disposals and transfers	(137,490)	(3,889,596)	(9,817)	(118,568)		137,507	3,868,382			(149,582)	(180,046)
Balance, end of year	<u>391,870</u>	<u>5,716,588</u>	<u>1,348,865</u>	<u>1,325,186</u>	<u>135,128</u>	<u>10,995,961</u>	<u>14,474,873</u>	<u>982,258</u>	<u>-</u>	<u>35,370,729</u>	<u>33,433,133</u>
<b>Net Book Value of</b>											
<b>Tangible Capital Assets</b>	<u>1,466,315</u>	<u>10,074,952</u>	<u>1,184,159</u>	<u>1,469,410</u>	<u>58,410</u>	<u>4,797,469</u>	<u>26,687,394</u>	<u>1,238,281</u>	<u>2,930,593</u>	<u>\$ 49,906,983</u>	<u>\$ 48,916,036</u>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2016**

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Work in Process	TOTAL Net Book Value 2016	TOTAL Net Book Value 2015
<b>Cost</b>										
Balance, beginning of year	1,019,483	4,316,827	21,004,651	41,983,839	180,777	268,766	12,921,886	653,150	82,349,169	82,058,142
Add: Additions during the year	23,679	397,508	80,714	256,031	45,419	13,994	61,106	2,477,652	3,366,103	553,948
Less: Disposals during the year		(65,000)	(1)	(142,325)	(10,750)			(209,484)	(427,560)	(262,921)
Transfers and reallocations	(59,602)	(38,880)	11,077	78,107			23	9,275	-	-
Balance, end of year	<u>983,560</u>	<u>4,610,455</u>	<u>21,096,441</u>	<u>42,175,652</u>	<u>215,446</u>	<u>282,760</u>	<u>12,982,815</u>	<u>2,930,593</u>	<u>86,277,712</u>	<u>82,349,169</u>
<b>Accumulated Amortization</b>										
Balance, beginning of year	256,089	1,110,403	13,295,887	14,342,439	63,214	174,954	4,189,147	-	33,433,133	31,986,416
Add: Amortization during the year	23,432	227,295	455,976	589,893	3,520	26,386	760,676	-	2,087,178	1,626,763
Less: Accumulated amortization on disposals and transfers	(4,501)	(92,772)	20,380	(64,178)	(8,528)		17		(149,582)	(180,046)
Balance, end of year	<u>275,020</u>	<u>1,244,926</u>	<u>13,773,243</u>	<u>14,868,154</u>	<u>58,206</u>	<u>201,340</u>	<u>4,949,840</u>	<u>-</u>	<u>36,370,729</u>	<u>33,433,133</u>
<b>Net Book Value of</b>										
<b>Tangible Capital Assets</b>	<u>708,540</u>	<u>3,365,529</u>	<u>7,323,198</u>	<u>27,307,498</u>	<u>157,240</u>	<u>81,410</u>	<u>8,032,975</u>	<u>2,930,593</u>	<u>\$ 49,906,983</u>	<u>\$ 48,916,036</u>



**TOWNSHIP OF NORTH HURON**

**Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue**

For the Year Ended December 31, 2016

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Reserves and reserve funds</b>						
Reserves						
for general government	3,490,837		967,655		(671,003)	3,787,489
for protection services	228,794		176,191		(405,657)	(672)
for transportation services	210,429		44,937		(80,000)	175,366
for environmental services	5,520,067		722,363		(377,137)	5,865,293
for health services	43,426		23,000		(32,000)	34,426
for social and family services	124,145		24,052		(27,753)	120,444
for recreation and cultural services	121,681		84,687		(38,223)	168,145
for planning and development	278		-		-	278
	<u>9,739,657</u>	<u>-</u>	<u>2,042,885</u>	<u>-</u>	<u>(1,631,773)</u>	<u>10,150,769</u>
Reserve funds						
Museum Artifacts Restoration	5,155	7				5,162
Daycare Equipment	5,089	51	123			5,263
	<u>10,244</u>	<u>58</u>	<u>123</u>	<u>-</u>	<u>-</u>	<u>10,425</u>
Total reserves and reserve funds	<u>9,749,901</u>	<u>58</u>	<u>2,043,008</u>	<u>-</u>	<u>(1,631,773)</u>	<u>10,161,194</u>
<b>Deferred revenue</b>						
Development Charges Act	32,351		5,135			37,486
Building Code Act	16,267					16,267
Federal Gas Tax Funds	357,489	3,997		148,489	(92,452)	417,523
	<u>406,107</u>	<u>3,997</u>	<u>5,135</u>	<u>148,489</u>	<u>(92,452)</u>	<u>471,276</u>
<b>Total</b>	<u>\$ 10,156,008</u>	<u>4,055</u>	<u>2,048,143</u>	<u>148,489</u>	<u>(1,724,225)</u>	<u>\$ 10,632,470</u>

**TOWNSHIP OF NORTH HURON**  
**Segmented Information**  
For the Year Ended December 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Total 2016	Total 2015
<b>Revenue</b>										
Taxation	4,774,264								4,774,264	4,576,725
User charges	306,290	357,759	230,859	2,141,604	57,603	498,710	1,651,691	10,860	5,255,376	4,282,403
Government transfers	1,290,209	435,042	251,780	284,716	20,325	660,992	753,233	3,212	3,699,509	3,089,864
Interest and penalties	259,133								259,133	258,862
Other	(25,816)								(25,816)	(31,372)
	<u>6,604,080</u>	<u>792,801</u>	<u>482,639</u>	<u>2,426,320</u>	<u>77,928</u>	<u>1,159,702</u>	<u>2,404,924</u>	<u>14,072</u>	<u>13,962,466</u>	<u>12,176,482</u>
<b>Operating expenditure</b>										
Wages, salaries and benefits	669,767	1,430,959	825,730	272,823	45,166	951,323	1,167,679	15,007	5,378,454	5,438,884
Contract services	16,593	472,181	47,029	650,427		16,718	143,082	3,562	1,349,592	723,948
Supplies, materials and equipment	416,967	589,129	1,064,115	501,823	18,561	122,686	870,988	1,845	3,586,114	3,679,563
Amortization	23,432	227,295	455,976	589,893	3,520	26,386	760,676		2,087,178	1,628,763
	<u>1,126,759</u>	<u>2,719,564</u>	<u>2,392,850</u>	<u>2,014,966</u>	<u>67,247</u>	<u>1,117,113</u>	<u>2,942,425</u>	<u>20,414</u>	<u>12,401,338</u>	<u>11,469,158</u>
<b>Net revenue (expense)</b>	<u>5,477,321</u>	<u>(1,926,763)</u>	<u>(1,910,211)</u>	<u>411,354</u>	<u>10,681</u>	<u>42,589</u>	<u>(537,501)</u>	<u>(6,342)</u>	<u>1,561,128</u>	<u>707,324</u>

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vbs@vbsca.ca

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of North Huron

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of North Huron, which comprise the balance sheet as at December 31, 2016, and the statement of continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of North Huron as at December 31, 2016 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 21, 2017

**TOWNSHIP OF NORTH HURON  
TRUST FUNDS**

**BALANCE SHEET**

As at December 31

	Cemetery Perpetual Care	
	2016	2015
<b>Assets</b>		
Cash	402,786	315,322
Investments, cost	75,300	151,300
Due from general fund		
<b>Liabilities</b>		
Due to general fund		
<b>Net trust fund balance</b>	<u><u>\$ 478,086</u></u>	<u><u>\$ 466,622</u></u>

**STATEMENT OF CONTINUITY**

For the Year Ended December 31

	Cemetery Perpetual Care	
	2016	2015
<b>Revenue</b>		
Perpetual care	11,772	20,251
Interest earned	1,517	3,434
	<u>13,289</u>	<u>23,685</u>
<b>Expenses</b>		
Transfers to cemetery	1,825	3,597
Administration expenditures		
	<u>1,825</u>	<u>3,597</u>
<b>Excess of revenue over expenses     for the year</b>	11,464	20,088
<b>Fund balance, beginning of year</b>	<u>466,622</u>	<u>446,534</u>
<b>Fund balance, end of year</b>	<u><u>\$ 478,086</u></u>	<u><u>\$ 466,622</u></u>

**TOWNSHIP OF NORTH HURON**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2016**

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**1. Accounting Policies**

Significant aspects of accounting policies adopted by the Township are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with accounting policies established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of North Huron.

c) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**2. Investments**

Trust fund investments have a market value equal to cost of \$ 478,086 (2015 : \$ 466,622).

**WINGHAM BUSINESS IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH LLP***  
***Chartered Profesional Accountants***

Vodden, Bender & Seebach LLP  
Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

---

To the Directors of the Wingham Business Improvement Area

We have audited the accompanying financial statements of the Wingham Business Improvement Area, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Wingham Business Improvement Area as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 4, 2017

# **WINGHAM BUSINESS IMPROVEMENT AREA** **STATEMENT OF FINANCIAL POSITION**

See accompanying notes to the financial statements

As at December 31	2016	2015
<b>ASSETS</b>		
Cash and bank	9,623	28,547
Accounts receivable	2,554	4,609
HST recoverable	5,322	939
	<u>\$ 17,499</u>	<u>\$ 34,095</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,827	6,433
Gift certificates outstanding	695	1,245
	<u>9,522</u>	<u>7,678</u>
Accumulated surplus (deficit)	2,977	10,945
Reserve fund for future projects	5,000	15,472
	<u>7,977</u>	<u>26,417</u>
	<u>\$ 17,499</u>	<u>\$ 34,095</u>



**WINGHAM BUSINESS IMPROVEMENT AREA****STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

See accompanying notes to the financial statements

For the Year Ended December 31	2016	2015
<b>Revenue</b>		
Membership fees	25,694	24,081
Sales	5,030	4,195
Promotions	11,525	6,495
Donations	9,387	62
Other revenue	-	4
	<u>51,636</u>	<u>34,837</u>
<b>Cost of Goods Sold</b>		
Purchases	4,980	3,611
	<u>4,980</u>	<u>3,611</u>
<b>General and Administrative Expenses</b>		
Accounting & legal	814	800
Advertising & promotions	19,490	16,598
Business fees & licenses	212	210
Main Street improvements	41,761	7,969
BIA events	83	1,358
Conferences	616	681
Interest & bank charges	35	64
Meals	211	47
Office supplies	418	214
Insurance	324	-
Rent	27	25
Website	692	13
Repairs & maintenance	413	44
	<u>65,096</u>	<u>28,023</u>
<b>Net surplus (deficit) for the year</b>	<b>(18,440)</b>	<b>3,203</b>
<b>Transfer to reserves</b>	<b>10,472</b>	<b>-</b>
<b>Accumulated surplus (deficit) beginning of year</b>	<b>10,945</b>	<b>7,743</b>
<b>Accumulated surplus (deficit) end of year</b>	<b><u>\$ 2,977</u></b>	<b><u>\$ 10,945</u></b>

## WINGHAM BUSINESS IMPROVEMENT AREA

### STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

For the Year Ended December 31	2016	2015
<b>Operating activities</b>		
Surplus (deficit) for the year	(18,440)	3,203
Net change in working capital balances		
Accounts receivable	2,055	(799)
HST recoverable	(4,383)	833
Accounts payable and accrued liabilities	2,394	(1,225)
Gift certificates outstanding	(550)	(2,300)
<b>Change in cash and cash equivalents during year</b>	<b>(18,924)</b>	<b>(288)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>28,547</b>	<b>28,836</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,623</b>	<b>\$ 28,547</b>

## **WINGHAM BUSINESS IMPROVEMENT AREA**

### **NOTES TO FINANCIAL STATEMENTS**

---

**For the Year Ended December 31, 2016**

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#### **1. Nature of operations**

The Wingham Business Improvement Area is a municipal sub-committee of the Township of North Huron consisting of local merchants, businesses and property owners. Its mandate is to beautify, improve, and promote the Wingham shopping district.

#### **2. Significant accounting policies**

The financial statements of the Wingham Business Improvement Area are the representation of management. Significant accounting policies include the following:

a) **Accrual basis of accounting**

Expenditures and related sources of funding are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) **Revenue recognition**

Revenues are recognized in the period in which the activities occur.

c) **Contributed services**

Volunteer contributions are substantial but the values can not be estimated and therefore are not recognized in the financial statements.

d) **Financial instruments**

Unless otherwise stated in these financial statements, the fair value of the entity's financial assets and liabilities approximate their carrying amount. It is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

e) **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**BLYTH BUSINESS IMPROVEMENT AREA**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**VODDEN, BENDER & SEEBACH LLP**  
***Chartered Professional Accountants***

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## INDEPENDENT AUDITOR'S REPORT

---

To the Directors of the Blyth Business Improvement Area

We have audited the accompanying financial statements of the Blyth Business Improvement Area, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Blyth Business Improvement Area as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
March 17, 2017

**BLYTH BUSINESS IMPROVEMENT AREA****STATEMENT OF FINANCIAL POSITION**

See accompanying notes to the financial statements

As at December 31	2016	2015
<b>ASSETS</b>		
Cash	8,632	4,993
Accounts receivable	-	1,077
Prepaid expenses	594	280
HST recoverable	922	581
	<u>\$ 10,148</u>	<u>\$ 6,931</u>
<b>LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)</b>		
Accounts payable and accrued liabilities	-	2,403
Loan payable	5,000	-
	<u>5,000</u>	<u>2,403</u>
Accumulated surplus (deficit)	5,148	4,528
	<u>\$ 10,148</u>	<u>\$ 6,931</u>

**BLYTH BUSINESS IMPROVEMENT AREA****STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

See accompanying notes to the financial statements

<b>For the Year Ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Township of North Huron - levy	6,449	7,454
Shopping Bag Sales	40	240
Streetfest	1,462	1,719
Winterfest	567	342
Advertising	170	-
Sign board rental	275	660
Donations	1,038	5,451
	<u>10,001</u>	<u>15,866</u>
<b>Expenditure</b>		
Marketing coordinator	-	5,735
General and administration	6,083	3,394
Lighting of of the Lights	79	322
Streetfest	2,986	2,470
Winterfest	158	352
Golden Ticket Project	75	1,387
	<u>9,381</u>	<u>13,660</u>
<b>Net surplus (deficit) for the year</b>	<b>620</b>	<b>2,206</b>
<b>Accumulated surplus (deficit) beginning of year</b>	<b>4,528</b>	<b>2,322</b>
<b>Accumulated surplus (deficit) end of year</b>	<b><u>\$ 5,148</u></b>	<b><u>\$ 4,528</u></b>

**BLYTH BUSINESS IMPROVEMENT AREA**  
**STATEMENT OF CASH FLOWS**

See accompanying notes to the financial statements

For the Year Ended December 31	2016	2015
<b>Operating activities</b>		
Surplus (deficit) for the year	620	2,206
Net change in working capital balances		
Accounts receivable	1,077	4,473
Prepaid expenses	(314)	(280)
HST recoverable	(341)	3,623
Accounts payable and accrued liabilities	(2,403)	(18,006)
Loan payable	5,000	
<b>Change in cash and cash equivalents during year</b>	<b>3,639</b>	<b>(7,984)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,993</b>	<b>12,977</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,632</b>	<b>\$ 4,993</b>



## **BLYTH BUSINESS IMPROVEMENT AREA**

### **NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2016**

---

#### **1. Nature of operations**

The Blyth Business Improvement Area is a municipal sub-committee of the Township of North Huron consisting of local merchants, businesses and property owners. Its mandate is to beautify, improve, and promote the Blyth shopping district.

#### **2. Significant accounting policies**

The financial statements of the Blyth Business Improvement Area are the representation of management. Significant accounting policies include the following:

a) **Accrual basis of accounting**

Expenditures and related sources of funding are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) **Revenue recognition**

Revenues are recognized in the period in which the activities occur.

c) **Contributed services**

Volunteer contributions are substantial but the values can not be estimated and therefore are not recognized in the financial statements.

d) **Financial instruments**

Unless otherwise stated in these financial statements, the fair value of the entity's financial assets and liabilities approximate their carrying amount. It is management's opinion that the entity is not exposed to significant interest, currency or credit risk arising from these financial instruments.

e) **Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.