

CRANE MOUNTAIN ENHANCEMENT INC.

Financial Statements

Year Ended October 31, 2017

(Unaudited)

CRANE MOUNTAIN ENHANCEMENT INC.

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Year Ended October 31, 2017

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Directors of Crane Mountain Enhancement Inc.

We have reviewed the statement of financial position of Crane Mountain Enhancement Inc. as at October 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Teed Saunders Doyle

Saint John, New Brunswick
February 6, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Financial Position

October 31, 2017

(Unaudited)

| | 2017 | 2016 |
|-----------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 53,565 | \$ 38,251 |
| Prepaid expenses | <u>1,791</u> | <u>1,791</u> |
| | <u>\$ 55,356</u> | <u>\$ 40,042</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 2,316 | \$ 2,316 |
| Deferred income | <u>3,965</u> | <u>3,965</u> |
| | 6,281 | 6,281 |
| NET ASSETS | | |
| Unrestricted | <u>49,075</u> | <u>33,761</u> |
| | <u>\$ 55,356</u> | <u>\$ 40,042</u> |

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Operations

Year Ended October 31, 2017

(Unaudited)

| | 2017 | 2016 |
|--|------------------|------------------|
| REVENUE | \$ 23,969 | \$ 23,770 |
| EXPENSES | | |
| Meetings | 2,463 | 1,387 |
| Salaries and wages | 1,800 | 1,800 |
| Insurance | 1,450 | 1,450 |
| Professional fees | 1,358 | 1,317 |
| Office | 1,007 | 640 |
| Advertising and promotion | 529 | 520 |
| Interest and bank charges | 48 | 48 |
| Monitoring and consulting fees | - | 14,572 |
| | 8,655 | 21,734 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 15,314 | \$ 2,036 |

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Changes in Net Assets

Year Ended October 31, 2017

(Unaudited)

| | 2017 | 2016 |
|---------------------------------------|-------------------------|-------------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 33,761 | \$ 31,725 |
| Excess of revenue over expenses | <u>15,314</u> | <u>2,036</u> |
| NET ASSETS - END OF YEAR | <u>\$ 49,075</u> | <u>\$ 33,761</u> |

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Cash Flows
Year Ended October 31, 2017

(Unaudited)

| | 2017 | 2016 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 15,314 | \$ 2,036 |
| Changes in non-cash working capital: | | |
| Prepaid expenses | - | (6) |
| Accounts payable | - | (2,937) |
| Deferred income | - | 20 |
| | - | (2,923) |
| INCREASE (DECREASE) IN CASH FLOW | 15,314 | (887) |
| CASH - BEGINNING OF YEAR | 38,251 | 39,138 |
| CASH - END OF YEAR | \$ 53,565 | \$ 38,251 |

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2017

(Unaudited)

1. NATURE OF OPERATIONS

Crane Mountain Enhancement Inc. (the "organization") was incorporated by Letters Patent under the New Brunswick Companies Act on October 2, 2000. The organization is a non-profit organization established to monitor the Crane Mountain Sanitary landfill in accordance with the Regional Services Act, the thirteen conditions of the EIA approval, its Letters Patent and the agreement with Fundy Regional Service Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Cash and Cash Equivalents

The organization considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents.

Capital Assets

Capital assets purchased during the year are recorded as an operating expense on the statement of operations and changes in net assets. No provision for amortization is provided for on capital assets. During the year, the organization did not expense any capital assets (2016 - nil).

Revenue Recognition

The operating grant, provided by Fundy Regional Service Commission, is recognized as revenue on an accrual basis over the term of the grant.

All other revenue is recognized when earned.

Contributed Services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in deficiency of revenue over expenses. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2017

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of October 31, 2017.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is not exposed to credit risk as it does not have customers. The organization's mandate is to monitor the Crane Mountain Sanitary landfill in accordance with the Regional Services Act, the thirteen conditions of the EIA approval, its Letters Patent and the agreement with Fundy Regional Service Commission. Based on this mandate, the organization's sole source of income is an operating grant, provided by Fundy Regional Service Commission.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from Fundy Regional Service Commission, accounts payable and other obligations.

Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is not exposed to foreign currency exchange risk on cash and accounts payable as it does not hold any foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is not exposed to interest rate risk as it does not hold any floating interest rate debt or investments.

4. ECONOMIC DEPENDENCE

The organization receives an operating grant of \$23,969 (2016 - \$23,770) from Fundy Regional Service Commission, representing 100% (2016 - 100%) of revenue.