

CRANE MOUNTAIN ENHANCEMENT INC.

Financial Statements

Year Ended October 31, 2010

(Unaudited)

CRANE MOUNTAIN ENHANCEMENT INC.

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Year Ended October 31, 2010

(Unaudited)

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39 Canterbury Street
P.O. Box 6668
Saint John
New Brunswick
E2L 4S1

Tel (506) 636-9220
Fax (506) 634-8208
E-mail tsdsj@teedsaundersdoyle.com

**TEED
SAUNDERS
DOYLE & CO.**
Chartered Accountants

Member of DFK Canada and DFK International

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, 2010 and the statements of operations and 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 enquiry, analytical procedures and discussion related to information supplied to us by the company.

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 generally accepted accounting principles.

Teed Saunders Doyle & Co.

Saint John, New Brunswick
December 20, 2010

CHARTERED ACCOUNTANTS

Saint John Partners

John H Teed Andrew P. Logan
Peter L. Logan James K. Whittaker



Fredericton Partners

Brian J. Saunders David H. Bradley
Jeffrey E. Saunders John H. Landry
T.J. Smith

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Financial Position

October 31, 2010

(Unaudited)

	2010	2009
ASSETS		
CURRENT		
Cash (Note 3)	\$ 38,650	\$ 34,560
HST rebate recoverable	572	2,551
Prepaid expenses	1,405	-
	<u>\$ 40,627</u>	<u>\$ 37,111</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable (Note 3)	\$ 2,272	\$ 2,450
NET ASSETS	<u>38,355</u>	<u>34,661</u>
	<u>\$ 40,627</u>	<u>\$ 37,111</u>
CONTINGENT LIABILITY (Note 6)		

ON BEHALF OF THE BOARD

Director

Director

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Operations and Net Assets

Year Ended October 31, 2010

(Unaudited)

	2010	2009
REVENUE		
Operating grant <i>(Notes 2, 5)</i>	\$ 22,691	\$ 22,691
Interest income	56	186
	<u>22,747</u>	<u>22,877</u>
EXPENSES		
Scholarships and awards	4,000	-
Office	2,749	1,095
School environmental projects	2,609	-
Monitoring and consulting fees	2,242	16,197
Administration	1,800	1,550
Receptions and meetings	1,733	1,651
Advertising and promotion	1,542	684
Professional fees	1,162	1,162
Insurance	1,150	1,150
Bank charges	66	54
	<u>19,053</u>	<u>23,543</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	3,694	(666)
NET ASSETS - BEGINNING OF YEAR	34,661	35,327
NET ASSETS - END OF YEAR	\$ 38,355	\$ 34,661

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Cash Flows

Year Ended October 31, 2010

(Unaudited)

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 3,694	\$ (666)
Changes in non-cash working capital:		
HST rebate recoverable	1,979	(865)
Prepaid expenses	(1,405)	-
Accounts payable	(178)	(8,351)
	<u>396</u>	<u>(9,216)</u>
INCREASE (DECREASE) IN CASH FLOW	4,090	(9,882)
CASH - BEGINNING OF YEAR	<u>34,560</u>	<u>44,442</u>
CASH - END OF YEAR	<u>\$ 38,650</u>	<u>\$ 34,560</u>

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2010

(Unaudited)

1. NATURE OF OPERATIONS

The company was incorporated by Letters Patent under the provisions of the New Brunswick Companies Act on October 2, 2000. The company is a non-profit organization established to monitor the Crane Mountain Sanitary landfill in accordance with the Clean Environment Act, the thirteen conditions of the EIA approval, its Letters Patent and the agreement with Fundy Region Solid Waste Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

An operating grant, provided by Fundy Region Solid Waste Commission, is recognized as revenue when received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

Contributed Services

Volunteers contribute an undeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2010

(Unaudited)

3. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company's mandate is to monitor the Crane Mountain Sanitary landfill in accordance with the Clean Environment Act, the thirteen conditions of the EIA approval, its Letters Patent and the agreement with Fundy Region Solid Waste Commission. Based on this mandate the company's sole source of income is an operating grant, provided by Fundy Region Solid Waste Commission.

Fair Value

The company's carrying value of cash and cash equivalents and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

Currency Risk

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

Interest Rate

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 company manages exposure through its normal operating and financing activities. The company is not exposed to interest rate risk as it does not hold any variable interest bearing debt.

4. CAPITAL DISCLOSURE

The capital structure of the company consists of net assets. The organization manages its capital to safeguard its ability to continue as a going concern so that it can continue to fulfil its mandate.

The company manages its capital structure and makes adjustments to it in light of economic conditions. The company will balance its overall capital structure by undertaking activities as deemed appropriate under specific circumstances.

The company is not subject to externally imposed capital requirements and the company's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2009.

5. ECONOMIC DEPENDENCE

The company received an operating grant of \$22,691 (2009 - \$22,691) from Fundy Region Solid Waste Commission, representing 99.8 % (2009 - 99.2%) of revenue.

6. CONTINGENT LIABILITY

During the year, the company was advised that its October 31, 2008 and 2009 year-end HST rebate applications were disallowed. As a result a current review is in progress by Canada Revenue Agency (CRA) with respect to the company's eligibility for an HST rebate. The company believes this is the result of an administrative oversight and is awaiting a ruling on this matter. The company was instructed to file the current year HST rebate application. As at October 31, 2010 the company has an unrecorded contingent liability in the amount of \$3,186 related to the October 31, 2008 and 2009 rebate applications.