

Local Services Board of Nolulu
Financial Statements
For the year ended September 30, 2013

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Independent Auditor's Report

To the Residents and Board Members of Local Services Board of Nolalu

We have audited the accompanying financial statements of Local Services Board of Nolalu, which comprise the statements of financial position as at September 30, 2013, September 30, 2012 and October 1, 2011, and the statements of operations and surplus, changes in net financial assets and cash flows for the years ended September 30, 2013 and September 30, 2012, 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 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 Local Services Board of Nolalu as at September 30, 2013, September 30, 2012 and October 1, 2011 and the results of its operations and its cash flows for the years ended September 30, 2013 and September 30, 2012 in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
January 9, 2014

Local Services Board of Nolalu Statement of Financial Position

	September 30 2013	September 30 2012	October 1 2011
Assets			
Cash	\$ 36,339	\$ 35,177	\$ 37,217
Accounts receivable	362	353	334
	<u>36,701</u>	<u>35,530</u>	<u>37,551</u>
Liabilities			
Accounts payable and accrued liabilities	3,000	3,000	2,500
Due to Nolalu Emergency Services Team	3,545	3,322	3,196
Due to Nolalu Community Centre	1,850	1,730	1,730
	<u>8,395</u>	<u>8,052</u>	<u>7,426</u>
Net financial assets	\$ 28,306	\$ 27,478	\$ 30,125
Contingency reserve (Note 2)	\$ 2,406	\$ 2,355	\$ 4,828
Accumulated operating surplus	25,900	25,123	25,297
	<u>\$ 28,306</u>	<u>\$ 27,478</u>	<u>\$ 30,125</u>

On behalf of the Board:

_____ Chair

_____ Secretary/Treasurer

The accompanying summary of significant accounting policies and notes
are an integral part of these financial statements.

Local Services Board of Nolalu Statement of Operations and Surplus

For the year ended September 30	Budget 2013	2013	2012
Revenue			
Eligible Revenue			
Provincial land tax levy	\$ 76,560	\$ 76,560	\$ 70,180
Ineligible revenue			
Recovery of uncollected levies	-	300	692
Interest revenue	-	18	24
	76,560	76,878	70,896
Expenditure			
Eligible expenditure			
Administration (Schedule)	11,822	11,313	12,225
Fire protection	42,536	42,535	40,338
Recreation	22,202	22,202	20,980
	76,560	76,050	73,543
Annual surplus (deficit)	-	828	(2,647)
Accumulated operating surplus, beginning of year	25,123	25,123	25,297
Transfer from (to) contingency reserve	-	(51)	2,473
Accumulated operating surplus, end of year	\$ 25,123	\$ 25,900	\$ 25,123

The accompanying summary of significant accounting policies and notes
are an integral part of these financial statements.

**Local Services Board of Nolulu
Statement of Change in Net Financial Assets**

For the year ended September 30	Budget 2013	2013	2012
Annual surplus (deficit)	\$ -	\$ 828	\$ (2,647)
Net financial assets, beginning of year	27,478	27,478	30,125
Net financial assets, end of year	\$ 27,478	\$ 28,306	\$ 27,478

The accompanying summary of significant accounting policies and notes
are an integral part of these financial statements.

Local Services Board of Nolalu Statement of Cash Flows

For the year ended September 30	2013	2012
Operating transactions		
Annual surplus (deficit)	\$ 828	\$ (2,647)
Changes in non-cash working capital balances:		
Accounts receivable	(9)	(19)
Accounts payable and accrued liabilities	-	500
	<u>819</u>	<u>(2,166)</u>
Financing transactions		
Increase due to Nolalu Emergency Services Team	223	126
Increase due to Nolalu Community Centre	120	-
	<u>343</u>	<u>126</u>
Increase (decrease) in cash during the year	1,162	(2,040)
Cash, beginning of year	<u>35,177</u>	<u>37,217</u>
Cash, end of year	\$ 36,339	\$ 35,177

The accompanying summary of significant accounting policies and notes
are an integral part of these financial statements.

Local Services Board of Nolalu Summary of Significant Accounting Policies

September 30, 2013

Management's Responsibility for the Financial Statements	The financial statements of the Local Services Board of Nolalu are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.
Nature of Business	The Local Services Board of Nolalu is a corporation without share capital established under The Northern Service Boards Act of the Province of Ontario on March 29, 2003. The Local Services Board of Nolalu was organized for the purpose of providing, maintaining and improving fire protection services in the Nolalu area and maintaining the Nolalu Community Centre. The corporation is a not-for-profit organization which is exempt from income taxes under the Income Tax Act.
Basis of Accounting	These financial statements have been prepared using Canadian public sector accounting standards.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. All financial instruments that have been designated to be in the fair value category, will have gains and losses reported in the statement of remeasurement gains and losses. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.
Cash and Cash Equivalents	Cash and cash equivalents are comprised of cash on hand and balances with banks with maturities of three months or less.
Revenue Recognition	The Board records tax levies and other revenue on the accrual basis as earned.
Contributed Materials and Services	Contributed materials and services, which are used in the normal course of operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Local Services Board of Nolalu Summary of Significant Accounting Policies (cont'd)

September 30, 2013

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include accrual for professional fees and allowance for uncollectible amounts. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contingency Reserve

The Board has established a contingency reserve fund for the purpose of funding future contingencies of the Nolalu Community Centre and the Nolalu Emergency Services Team. These internally restricted amounts are not available for other purposes and must be approved by representatives of the Board.

Local Services Board of Nolalu Notes to Financial Statements

September 30, 2013

1. First-time Adoption

Effective October 1, 2012, the organization adopted the requirements of Canadian Public Sector Accounting Standards (PSAB). These are the Board's first financial statements prepared in accordance with this framework and the transitional provisions of Section 2125, First-time Adoption by Government Organizations have been applied. Section 2125 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in the Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended September 30, 2013, the comparative information presented in these financial statements for the year ended September 30, 2012 and in the preparation of an opening PSAB statement of financial position at the date of transition of October 1, 2011.

The Board issued financial statements for the year ended September 30, 2012 using generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover Accounting Standards. The adoption of PSAB resulted in no adjustments to the previously reported assets, liabilities, annual and accumulated surplus and cash flows of the Board.

2. Contingency Reserve

The Board has established a contingency reserve fund for the purpose of funding future contingencies of the Nolalu Emergency Services Team and Nolalu Community Centre. These internally restricted amounts are not available for other purposes and must be approved by representatives of the Board. All interest earned in the reserve bank account is to be included in the contingency reserve which totalled \$51 during the year.

3. Related Party Transactions

During the year the Board paid pre-determined contracted amounts to Nolalu Emergency Services Team and Nolalu Community Centre totaling \$64,737 (2012 - \$61,318). These transactions were measured at the exchange value. Amounts due to related parties at year end represent final contract billings to Nolalu Emergency Services Team and Nolalu Community Centre for \$3,545 and \$1,850 respectively.

A secretarial fee was paid to the Secretary/Treasurer of the Local Services Board of Nolalu in 2013. These expenses for the year totalled \$6,376 (2012 - \$6,376). These transactions were measured at exchange value which approximates the arm's length equivalent for contracted amounts.

Local Services Board of Nolulu Notes to Financial Statements

September 30, 2013

4. Financial Instrument Risks

General objectives, policies, and processes

The Board of Directors has overall responsibility for the determination of the Local Services Board's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Local Services Board of Nolulu's Board of Directors.

The organization's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

There have been no significant changes from the previous year in the exposure to risk, policies, or procedures used to manage financial instrument risks.

Credit Risk

Credit risk is the risk of financial loss to the Board if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Board's receivables from rate payers. Provincial Land Tax reform legislation enacted provides for full payment of current amounts levied to rate payers, therefore, full collectibility is assured. The Board has provided an allowance for prior years' levies of \$1,826 (2012 - \$2,126) in these financial statements for which collectibility is uncertain.

Liquidity Risk

Liquidity risk is the risk that the Local Services Board of Nolulu will not be able to meet its financial obligations as they fall due. The Board has a planning and budgeting process in place to help determine the funds required to support the organization's normal operating requirements on an ongoing basis. The Board 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.

Local Services Board of Nolulu
Schedule - Administration Expenditure

For the year ended September 30	Budget 2013	2013	2012
Administration			
Audit	\$ 3,053	\$ 3,053	\$ 3,248
Bank charges	50	42	44
Honorarium	6,376	6,376	6,376
Insurance	1,593	1,593	1,593
Miscellaneous	500	-	769
Office	250	249	195
	\$ 11,822	\$ 11,313	\$ 12,225

The accompanying summary of significant accounting policies and notes
are an integral part of these financial statements.