

**Local Services Board of Nolulu**  
**Financial Statements**  
For the year ended September 30, 2010

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## Auditors' Report

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

We have audited the balance sheet of Local Services Board of Nolalu as at September 30, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at September 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
November 18, 2010

## Local Services Board of Nolulu Balance Sheet

September 30	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 34,982	\$ 51,165
Accounts receivable	145	155
	\$ 35,127	\$ 51,320
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable	\$ 2,500	\$ 2,500
Due to Nolulu Emergency Services Team	3,062	3,560
Due to Nolulu Community Centre	1,447	1,683
	7,009	7,743
<b>Net assets</b>	25,318	40,777
<b>Contingency reserve</b>	2,800	2,800
	\$ 35,127	\$ 51,320

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Secretary/Treasurer

## Local Services Board of Nolalu Statement of Operations and Net Assets

For the year ended September 30	2010	2009
<b>Revenue</b>		
Eligible revenue		
Provincial land tax levy	\$ 64,900	\$ 65,600
Ineligible revenue		
Recovery of uncollected levies	7,435	6,204
	<u>72,335</u>	<u>71,804</u>
<b>Expenditure</b>		
Eligible expenditures		
Administration (Schedule)	10,749	12,870
Fire protection	52,339	35,310
Recreation	24,706	16,692
	<u>87,794</u>	<u>64,872</u>
<b>Excess (deficiency) of revenue over expenditure before the following</b>	<b>(15,459)</b>	<b>6,932</b>
Debts forgiven		
Nolalu Emergency Services Team	-	7,058
Nolalu Community Centre	-	8,832
	<u>(15,459)</u>	<u>22,822</u>
<b>Excess (deficiency) of revenue over expenditure for the year</b>	<b>(15,459)</b>	<b>22,822</b>
<b>Net assets, beginning of year</b>	<b>40,777</b>	<b>20,755</b>
<b>Transfer to contingency reserve</b>	<b>-</b>	<b>(2,800)</b>
	<u>25,318</u>	<u>40,777</u>
<b>Net assets, end of year</b>	<b>\$ 25,318</b>	<b>\$ 40,777</b>

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	2010	2009
<b>Cash from operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (15,459)	\$ 22,822
Changes in non-cash working capital balances		
Accounts receivables	10	12,039
Prepaid expenses	-	2,156
	(15,449)	37,017
<b>Financing activities</b>		
Increase (decrease) due to Nolalu Emergency Services Team	(498)	1,754
Decrease due to Nolalu Community Centre	(236)	(7,149)
	(734)	(5,395)
<b>Increase (decrease) in cash during the year</b>	<b>(16,183)</b>	<b>31,622</b>
Cash, beginning of year	51,165	19,543
	\$ 34,982	\$ 51,165

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

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## Local Services Board of Nolalu Summary of Significant Accounting Policies

September 30, 2010

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### Financial Instruments

Financial instruments consist of cash, accounts receivable, accounts payable, due to/from Nolalu Emergency Services Team and due to/from Nolalu Community Centre.

The Board classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Board's accounting policy for each category is as follows:

#### *Held for Trading*

Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income in the period during which the change occurs. Transaction costs are expensed when incurred.

Cash has been classified as held-for-trading.

#### *Loans and Receivables and Other Financial Liabilities*

Financial instruments classified as loans and receivables, and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income over the expected life of the instrument. Transaction costs are expensed when incurred.

Accounts receivable have been classified as loans and receivables.

Accounts payable, due to Nolalu Emergency Services Team and due to Nolalu Community Centre have been classified as other financial liabilities.

### Property, Plant and Equipment

Property, plant and equipment purchased are charged to operations in the year the expenditure is incurred, rather than being capitalized on the balance sheet and amortized over their estimated usefulness. Major unrecorded property, plant and equipment include automotive and computer equipment. There were no capital asset expensed during the year. Eligibility is determined under terms and conditions set by the Ministry of Northern Development and Mines.

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

September 30, 2010

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<b>Revenue Recognition</b>	The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Other revenue is recorded on the accrual basis as earned.
<b>Contributed Materials and Services</b>	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.
<b>Equipment Replacement Provision</b>	Under the Northern Services Boards Act, the Board may make provision for equipment replacement for the Nolalu Emergency Services Team and the Nolalu Community Center at an annual amount not exceeding \$3,000 each for future equipment replacement.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.
<b>Contingency Reserve</b>	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.

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## Local Services Board of Nolalu Notes to Financial Statements

September 30, 2010

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### 1. Organization

The Local Services Board of Nolalu is a corporation without share capital and was established under the Northern Services 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 Board is a non-profit organization and is exempt from income taxes.

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### 2. Financial Instruments

#### (a) Fair Value

The fair value of cash, accounts receivable, accounts payable, due to Nolalu Community Centre and due to Nolalu Emergency Services Team approximates their carrying value due to the relatively short period to maturity of these items.

#### (b) Risks arising from financial instruments

##### 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 \$4,668 (2009 - \$12,103) in these financial statements for which collectibility is uncertain.

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### 3. Related Party Transactions

During the year the Board paid pre-determined contracted amounts to Nolalu Community Centre and Nolalu Emergency Services Team totaling \$77,045 (2009 - \$52,002). These transactions were measured at the exchange value. Amounts due to related parties at year end represent final contract billings to Nolalu Community Centre and Nolalu Emergency Services Team for \$1,447 and \$3,062 respectively.

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### 4. Capital Disclosure

The Board considers its capital to be the balance retained in net assets and contingency reserve, which is the difference between its assets and its liabilities as reported on its balance sheet.

The Board's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its services to the public.

The Board maintains its capital by ensuring that annual operating budgets are developed, approved and monitored by the Board of Directors.

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## Local Services Board of Nolulu Notes to Financial Statements

September 30, 2010

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### 5. New Accounting Pronouncement

A recent accounting pronouncement that has been issued but is not yet effective, and has a potential implication for the Board, is as follows:

#### Future for Not-for-Profit Organizations (NPO)

In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for Private Enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. The two boards are working together and intend to issue an Exposure Draft for comment in the first half of 2010. Until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting Part V - Pre-Changeover Standards.

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### 6. Change in Accounting Policies

On October 1, 2009, the Organization adopted the new requirements of the Canadian Institute of Chartered Accountants related to Section 1540, "Cash Flow Statements". This section was amended to include not-for-profit organizations within its scope. This standard requires a cash flow statement to be included as part of the financial statements.

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### 7. Comparative Information

Certain comparative amounts presented in the financial statements have been reclassified to conform to the current year's financial statement presentation.

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**Local Services Board of Nolulu  
Schedule - Eligible Expenditure**

<b>For the year ended September 30</b>	<b>2010</b>	<b>2009</b>
<b>Administration</b>		
Audit	\$ 2,700	\$ 2,700
Bank charges	34	40
Honourarium	6,240	6,240
Insurance	1,566	3,452
Office	184	378
Other expenses	25	60
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	\$ 10,749	\$ 12,870

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