

# Halton Children's Aid Society

## Financial Statements

For the year ended March 31, 2017

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To the Members of  
Halton Children's Aid Society

**Independent Auditors' Report**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Halton Children's Aid Society, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in fund balances 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.

**Auditors' 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 Halton Children's Aid Society as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 12, 2017  
Burlington, Ontario

*SB Partners LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Halton Children's Aid Society**  
**Statement of Financial Position**  
**March 31, 2017**

	Operating Fund	Capital Asset Fund	March 31, 2017	March 31, 2016
<b>Assets</b>				
<b>Current assets</b>				
Cash	\$ 253,068	\$ -	\$ 253,068	\$ -
Accounts receivable (Note 3)	340,842	-	340,842	421,939
Prepaid expenses and other assets	64,379	-	64,379	74,060
Restricted assets (Note 6)	156,270	-	156,270	138,412
	814,559	-	814,559	634,411
<b>Capital assets (Note 4)</b>	-	1,446,410	1,446,410	1,247,368
	\$ 814,559	\$ 1,446,410	\$ 2,260,969	\$ 1,881,779
<b>Liabilities</b>				
<b>Current liabilities</b>				
Bank indebtedness (Note 5)	\$ -	\$ -	\$ -	\$ 50,419
Accounts payable and accrued liabilities	1,000,585	-	1,000,585	754,125
Other current liabilities (Note 6)	156,270	-	156,270	138,412
	1,156,855	-	1,156,855	942,956
<b>Interfund balances</b>	959,634	(959,634)	-	-
<b>Deferred capital lease inducement (Note 7)</b>	281,101	-	281,101	322,238
<b>Deferred capital funding (Note 8)</b>	-	788,609	788,609	517,484
	2,397,590	(171,025)	2,226,565	1,782,678
<b>Fund balances</b>				
<b>Unrestricted</b>	(1,583,031)	-	(1,583,031)	(1,553,029)
<b>Invested in capital assets</b>	-	1,617,435	1,617,435	1,652,130
	(1,583,031)	1,617,435	34,404	99,101
	\$ 814,559	\$ 1,446,410	\$ 2,260,969	\$ 1,881,779

Approved on Behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

*The accompanying notes are an integral part of the financial statements.*



**Halton Children's Aid Society**

**Statement of Changes in Fund Balances**

**Year Ended March 31, 2017**

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	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>2017</b>	<b>2016</b>
<b>Fund balances, beginning of year</b>	<b>\$ (1,553,030)</b>	<b>\$ 1,652,130</b>	<b>\$ 99,100</b>	<b>\$ 265,707</b>
Deficiency of revenues over expenses	-	(64,696)	(64,696)	(166,606)
Purchase of capital assets	(425,489)	425,489	-	-
Proceeds from deferred capital funding	395,488	(395,488)	-	-
<b>Fund balance, end of year</b>	<b>\$ (1,583,031)</b>	<b>\$ 1,617,435</b>	<b>\$ 34,404</b>	<b>\$ 99,101</b>

*The accompanying notes are an integral part of the financial statements.*



# Halton Children's Aid Society

## Statement of Operations

Year Ended March 31, 2017

	2017	2016
<b>Revenue</b>		
Provincial grant revenue	\$ 18,202,624	\$ 17,999,581
Other revenue	1,340,202	1,304,220
Amortization of deferred capital funding	120,613	88,722
Amortization of deferred capital lease inducement	41,137	41,137
	<b>19,704,576</b>	19,433,660
<b>Expenses</b>		
Salaries	9,869,693	9,605,906
Employee benefits	2,501,720	2,434,873
Travel	459,476	485,907
Training, education and conference	65,336	54,227
Building occupancy	718,106	660,968
Amortization of capital assets	225,894	187,953
Purchased services - non-client	68,959	73,757
Program expenses	69,604	88,811
Boarding rate payments	3,893,845	4,432,710
Purchased services - client	368,862	278,264
Client's personal needs	516,697	546,588
Health and allied services	225,455	239,661
Financial assistance	124,046	123,806
Advertising and promotion	18,643	20,203
Office and postage	206,594	189,906
Other operating expenses	193,561	160,369
Computer	87,102	70,961
	<b>19,613,593</b>	19,654,870
<b>Deficiency of revenues over expenses before other revenue</b>		
(expense)	90,983	(221,210)
Balanced Budget Fund (Note 13)	(155,127)	21,963
Gain (loss) on disposal of capital assets	(552)	32,641
<b>Deficiency of revenues over expenses</b>	<b>\$ (64,696)</b>	<b>\$ (166,606)</b>

The accompanying notes are an integral part of the financial statements.



# Halton Children's Aid Society

## Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
<b>Cash flows from operating activities</b>		
Deficiency of revenues over expenses	\$ (64,696)	\$ (166,606)
Amortization of capital assets	225,894	187,953
Amortization of deferred capital funding	(120,613)	(88,722)
Loss on forgivable loan	-	178,518
Amortization of deferred capital lease inducement	(41,137)	(41,137)
(Gain) loss on disposal of capital assets	552	(225,484)
	-	(155,478)
Net change in accounts receivable	81,097	293,068
Net change in accounts payable and accrued liabilities	246,460	(197,839)
Net change in other operating working capital balances	9,681	82,864
Cash flows from operating activities	337,238	22,615
<b>Cash flows from financing activities</b>		
Decrease in bank indebtedness	(50,419)	(69,581)
Proceeds from deferred capital funding	391,738	33,442
Repayment of forgivable loan	-	(355,500)
Cash flows from (used in) financing activities	341,319	(391,639)
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(425,489)	(33,442)
Proceeds on disposal of capital assets	-	402,466
Cash flows from (used in) investing activities	(425,489)	369,024
<b>Net increase in cash and cash equivalents</b>	<b>253,068</b>	-
<b>Cash and cash equivalents, beginning of year</b>	-	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 253,068</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.



# Halton Children's Aid Society

## Notes to Financial Statements

Year Ended March 31, 2017

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### 1. Nature of operations

The purpose of the Halton Children's Aid Society (the "Society") is to fulfill the mandate of the Child and Family Services Act within its specified territorial jurisdiction of the Regional Municipality of Halton. Its mission is to protect child and youth, strengthen their well-being and support lifelong, enduring relationships. Its intended community of service covers those children under the age of sixteen years within its jurisdiction whose circumstances require the intervention of the community as defined by the Act, or those who are in its care or otherwise under its supervision. The Society is designated as a Children's Aid Society under the Act. Further, it is incorporated under the Corporations Act as a "corporation without share capital" and is a registered charity under the Income Tax Act.

### 2. Significant accounting policies

#### Basis of presentation

The financial statements of the Society have been prepared by management in accordance with Canadian public sector accounting standards.

#### Fund Accounting

The Society follows the deferral method of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into the following funds: the Operating fund and the Capital fund.

#### Operating Fund

The Operating fund consists of Child Welfare, OCBe Pooled Funds, Child Abuse Prevention, Repairs and Maintenance, Halton Prevention and Intervention Committee (HPIC), Non-Child Welfare Bursaries, Wendy's Wonderful Kids and Bridging the Gap activities.

#### Provincially Funded Programs

Provincially funded activities including Child Welfare, OCBe Pooled Funds, Child Abuse Prevention, Repairs and Maintenance and HPIC are those supported by the Ministry of Children and Youth Services (the Ministry). Child Welfare and OCBe Pooled Fund activities reflect those for which the Society is accountable under the Child and Family Services Act RSO 1990.

#### Child Welfare

Child Welfare activities including Child Welfare, OCBe Pooled Funds, Child Abuse Prevention, and Repairs & Maintenance are those supported by the Ministry of Children and Youth Services (the "Ministry") and reflects the activities for which the Society is accountable under the Child and Family Services Act RSO 1990.

#### Non-Child Welfare Bursaries

Non-Child Welfare Bursaries are supported by the Children's Aid Foundation of Halton and other sponsors.



**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**2. Significant accounting policies (cont'd.)**

**Bridging the Gap**

Bridging the Gap activities are performed in accordance with specified contribution agreements with the Regional Municipality of Halton and other sponsors.

**Wendy's Wonderful Kids**

Wendy's Wonderful Kids is funded through the Dave Thomas Foundation.

**Capital Fund**

The Capital fund accounts for all funds expended and available for the acquisition of capital assets. Capital fund contributions are appropriated by the Board and, as such, are internally restricted for the exclusive use of such activities.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks.

**Revenue recognition**

Provincial grants received in excess of operating expenses are recorded as amounts due to the Ministry. Provincial grants are subject to review by the Ministry and adjustments, if any, arising there from are reflected as an adjustment to revenue in the period of such adjustments. Contributions received from the Regional Municipality of Halton are received on a cost recovery basis and are recorded as revenues in the period in which the expenses are incurred.

Revenue from donations and fundraising activities is recorded when received. Restricted contributions are recorded as deferred revenue and recognized as revenue when the related expenses occur.

**Capital assets and amortization**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided as follows:

Building	20 year straight-line
Computer equipment	3 year straight-line
Furniture and fixtures	10 year straight-line
Leasehold improvements	Remaining term of the lease
Vehicles	5 year straight-line

**Deferred capital funding**

Deferred capital funding consists of grants which are received on account of capital and are deferred and amortized on a straight-line basis at rates corresponding to those of the related capital assets.

**Contributed services**

These financial statements do not reflect the substantial value of services contributed by volunteers, foster parents, and other interested parties because the fair market value of such services are not readily available.





**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**2. Significant accounting policies (cont'd.)**

**Income taxes**

The Society is a non-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

**Use of estimates**

The preparation of financial statements 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 expense during the period. Actual results could differ from those estimates.

**Financial instruments**

The Society's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and other current liabilities. All financial instruments are initially recorded at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

**3. Accounts receivable**

	<b>2017</b>	<b>2016</b>
Accounts receivable	\$ <b>119,408</b>	\$ 95,574
Due from the Ministry of Children and Youth Services	-	38,113
Due from the Regional Municipality of Halton	<b>85,350</b>	56,893
H.S.T. recoverable	<b>77,456</b>	190,515
OKN receivable	<b>58,315</b>	40,540
Due from The Children's Aid Foundation of the Regional Municipality of Halton	<b>313</b>	304
	<b>\$ 340,842</b>	\$ 421,939



**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

**4. Capital assets**

	Cost	Accumulated Amortization	2017	2016
Land	\$ 80,000	\$ -	\$ 80,000	\$ 50,000
Building	1,160,147	458,726	701,421	395,989
Computer equipment	190,134	138,296	51,838	41,568
Furniture and fixtures	362,138	268,394	93,744	130,593
Leasehold improvements	1,130,000	613,791	516,209	623,260
Vehicles	61,675	58,477	3,198	5,958
	<b>\$ 2,984,094</b>	<b>\$ 1,537,684</b>	<b>\$ 1,446,410</b>	<b>\$ 1,247,368</b>

**5. Bank indebtedness**

The Society has an operating line of credit, with a maximum limit of \$1,000,000 which bears interest at bank prime plus 0.5%. The operating line is unsecured and there are no margin requirements or borrowing covenants on this credit facility. As of March 31, 2017, there was \$NIL (2016 - \$NIL) drawn on this credit facility.

**6. Restricted assets & Other current liabilities**

	2017	2016
Registered Education Savings Plans (RESP) contributions payable	\$ 38,630	\$ 28,240
OCBe savings payable	117,640	110,172
	<b>\$ 156,270</b>	<b>\$ 138,412</b>

RESP contributions payable represent funds received from the Federal Government which are to be used to establish RESP's for children within the Society's care. A total of \$61,660 (2016 - \$90,900) was received in the year and a total of \$51,610 (2016 - \$75,760) was transferred to RESPs established for such children during the year.

OCBe pooled funds represent funds received from the Ministry prescribed for various recreational, educational, cultural and social activities for youth in care. A total of \$93,624 (2016 - \$112,593) was received and a total of \$93,584 (2016 - \$112,628) were disbursed during the year.

OCBe savings payable represent funds received from the Ministry prescribed for the use of supporting the transition of youth in care to independent living. OCBe saving funds are received by the Society while such youth are between the ages of 15 to 17 and are payable to the youth only after they have satisfied the requirements of the savings program.



**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**7. Deferred capital lease inducement**

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 322,238	\$ 363,375
Less: amortization of deferred lease inducement	<b>(41,137)</b>	<b>(41,137)</b>
Balance, end of year	<b>\$ 281,101</b>	<b>\$ 322,238</b>

The Society signed a fifteen year lease for its Burlington office which expires in January 2024. The landlord has given the Society a lease inducement to be used for leasehold improvements for \$617,053. This amount is being amortized straight-line over the term of the lease.

**8. Deferred capital funding**

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 517,484	\$ 799,730
Deferred capital funding - grants	<b>395,488</b>	33,442
Repayment of capital funding	<b>(549)</b>	<b>(226,966)</b>
Amortization of deferred capital funding	<b>(123,814)</b>	<b>(88,722)</b>
Balance, end of year	<b>\$ 788,609</b>	<b>\$ 517,484</b>

**9. Operating lease commitments**

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

<b>2018</b>	\$ 517,328
<b>2019</b>	524,208
<b>2020</b>	554,775
<b>2021</b>	555,609
<b>2022</b>	492,609
<b>Thereafter</b>	820,616
	<b>\$ 3,465,145</b>



**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**10. Contingencies and commitments**

The Society is subject to claims arising in the normal course of operations. It is not possible for the Society to predict with any certainty the outcomes of such claims. Management is of the opinion that based on the information presently available, it is unlikely that any liability, to the extent not covered by insurance or inclusion in the financial statements, would be material to the Society's financial position.

During the year, pursuant to a contribution agreement, the Regional Municipality of Halton provided the Society with a forgivable loan of \$355,000 for the purchase of a transitional housing facility. The loan provided has been accounted for as deferred capital funding. The loan agreement stipulates that the loan will be forgiven on May 6, 2021 provided that the Society has not defaulted on the service guidelines within the agreement. Management is of the opinion that the Society will meet all future obligations and commitments in connection with the service guidelines under this agreement.

**11. Pension plan**

The Society participates in the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer contributory defined benefit pension plan, providing pension benefits to most of its employees.

Contribution rates for employees earning below the year's maximum pensionable earnings is 9.0% and 14.6% on earnings above the year's maximum pensionable earnings.

The pension expense for the year amounted to \$975,330 (2016 - \$948,862).

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions may be required in the future.

**12. Financial instruments**

The Society's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and other current liabilities.

**Liquidity risk**

The Society's exposure to liquidity risk is dependent on the collection of accounts and funding receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Society controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant market, interest rate, currency, or credit risks.



**Halton Children's Aid Society**  
**Notes to Financial Statements**  
**Year Ended March 31, 2017**

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**13. Balanced Budget Fund and Future Access to Surpluses**

In fiscal 2014, the Ministry of Children and Youth Services (MCYS) announced the creation of the "Balanced Budget Fund" to support Children's Aid Societies in meeting the balanced budget requirement set out in Regulation 70 and to proactively manage the risks associated with a multi-year budget planning process. The Balanced Budget Fund will be developed on an individual CAS basis, in an amount up to each CAS's accumulated surplus that has been returned to the Ministry following the implementation of the new funding model in fiscal 2014.

In order to be eligible to access these funds in a future year, the Agency must meet two conditions: (1) the Agency must have generated a prior year surplus recovered in or after fiscal 2014; and (2) in a subsequent year, the Agency requires additional funding in an amount up to its total accumulated prior year surplus to balance its budget.

During the year, the Agency generated a surplus of \$155,127 (2016 - \$21,963 deficit) that is scheduled to be recovered by the Ministry and will be added to the Agency's Balanced Budget Fund.





To the Members of  
Halton Children's Aid Society

**Additional Comments of Auditors for the Year Ended March 31, 2017**

The accompanying schedule of operations is presented as supplementary information only. In this respect, it does not form part of the financial statements of Halton Children's Aid Society for the year ended March 31, 2017 and hence is excluded from the opinion expressed in our report dated June 12, 2017 to the Members on such financial statements. The information in this schedule has been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of the Society and, in our opinion, is fairly presented in all respects material to those financial statements.

June 12, 2017  
Burlington, Ontario

*SB Partners LLP*

Chartered Professional Accountants  
Licensed Public Accountants

## Halton Children's Aid Society

### Supplementary Schedule of Operations by Fund

Year Ended March 31, 2017

	Child Welfare	OCBe Pooled Funds	Child Abuse Prevention	Repairs & Maintenance	Halton Prevention & Intervention Committee	Wendy's Wonderful Kids
<b>Revenue</b>						
Provincial grant revenue	\$ 18,103,686	\$ 48,288	\$ 2,000	\$ 28,650	\$ 20,000	\$ -
Other revenue	752,193	-	-	-	-	44,586
Amortization of deferred capital funding	-	-	-	-	-	-
Amortization of deferred capital lease inducement	-	-	-	-	-	-
	<b>18,855,879</b>	<b>48,288</b>	<b>2,000</b>	<b>28,650</b>	<b>20,000</b>	<b>44,586</b>
<b>Expenses</b>						
Salaries	9,641,165	-	-	-	-	36,617
Employee benefits	2,442,823	-	-	-	-	5,990
Travel	442,416	-	-	-	-	1,353
Training, education and conference	64,341	-	-	-	-	-
Building occupancy	580,970	-	-	28,650	-	-
Purchased services - non-client	43,689	-	1,288	-	15,221	-
Program expenses	20,823	-	-	-	-	-
Boarding rate payments	3,893,845	-	-	-	-	-
Purchased services - client	368,862	-	-	-	-	-
Client's personal needs	358,895	48,288	-	-	-	-
Health and allied services	225,455	-	-	-	-	-
Financial assistance	124,046	-	-	-	-	-
Advertising and promotion	17,931	-	712	-	-	-
Office and postage	196,165	-	-	-	4,779	626
Other operating expenses	193,561	-	-	-	-	-
Computer	85,765	-	-	-	-	-
	<b>18,700,752</b>	<b>48,288</b>	<b>2,000</b>	<b>28,650</b>	<b>20,000</b>	<b>44,586</b>
<b>Excess of revenues over expenses</b>	<b>155,127</b>	-	-	-	-	-
Balanced Budget Fund (Note 13)	(155,127)	-	-	-	-	-
<b>Excess of revenues over expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The accompanying notes are an integral part of the financial statements.



# Halton Children's Aid Society

## Supplementary Schedule of Operations by Fund (continued)

Year Ended March 31, 2017

	Non-Child Welfare Bursaries	Bridging the Gap	Capital Fund	2017	2016
<b>Revenue</b>					
Provincial grant revenue	-	-	-	18,202,624	17,999,581
Other revenue	108,698	434,725	-	1,340,202	1,304,220
Amortization of deferred capital funding	-	-	120,613	120,613	88,722
Amortization of deferred capital lease inducement	-	-	41,137	41,137	41,137
	108,698	434,725	161,750	19,704,576	19,433,660
<b>Expenses</b>					
Salaries	-	191,911	-	9,869,693	9,605,906
Employee benefits	-	52,907	-	2,501,720	2,434,873
Travel	-	15,707	-	459,476	485,907
Training, education and conference	-	995	-	65,336	54,227
Building occupancy	-	108,486	-	718,106	660,968
Amortization of capital assets	-	-	225,894	225,894	187,953
Purchased services - non-client	-	8,761	-	68,959	73,757
Program expenses	-	48,781	-	69,604	88,811
Boarding rate payments	-	-	-	3,893,845	4,432,710
Purchased services - client	-	-	-	368,862	278,264
Client's personal needs	108,698	816	-	516,697	546,588
Health and allied services	-	-	-	225,455	239,661
Financial assistance	-	-	-	124,046	123,806
Advertising and promotion	-	-	-	18,643	20,203
Office and postage	-	5,024	-	206,594	189,906
Other operating expenses	-	-	-	193,561	160,369
Computer	-	1,337	-	87,102	70,961
	108,698	434,725	225,894	19,613,593	19,654,870
<b>Excess (deficiency) of revenues over expenses before other revenue (expense)</b>	-	-	(64,144)	90,983	(221,210)
Balanced Budget Fund (Note 13)	-	-	-	(155,127)	21,963
Gain (loss) on disposal of capital assets	-	-	(552)	(552)	32,641
<b>Deficiency of revenues over expenses</b>	\$ -	\$ -	\$ (64,696)	\$ (64,696)	\$ (166,606)

The accompanying notes are an integral part of the financial statements.

