

CRANE MOUNTAIN ENHANCEMENT INC.

Financial Statements

Year Ended October 31, 2011

(Unaudited)

CRANE MOUNTAIN ENHANCEMENT INC.

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Year Ended October 31, 2011

(Unaudited)

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**TEED
SAUNDERS
DOYLE & CO.**

Chartered Accountants

Independent member of 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, 2011 and the statements of operations, 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 generally accepted accounting principles.

Teed Saunders Doyle & Co.

Saint John, New Brunswick
January 13, 2012

CHARTERED ACCOUNTANTS

Saint John Partners
Andrew P. Logan Peter L. Logan
Jean-Marc Poirier



Fredericton Partners
Brian J. Saunders David H. Bradley
Jeffrey E. Saunders John H. Landry
T.J. Smith Kenneth H. Kyle

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Financial Position

October 31, 2011

(Unaudited)

	2011	2010
ASSETS		
CURRENT		
Cash (Note 3)	\$ 46,096	\$ 38,650
HST rebate recoverable	-	572
Prepaid expenses	<u>1,405</u>	<u>1,405</u>
	<u>\$ 47,501</u>	<u>\$ 40,627</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable (Note 3)	\$ 3,272	\$ 2,270
DEFERRED INCOME (Notes 2, 7)	<u>3,834</u>	<u>3,782</u>
	<u>7,106</u>	<u>6,052</u>
NET ASSETS (Note 7)	<u>40,395</u>	<u>34,575</u>
	<u>\$ 47,501</u>	<u>\$ 40,627</u>
CONTINGENT LIABILITY (Note 6)		

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Operations

Year Ended October 31, 2011

(Unaudited)

	2011	2010
REVENUE		
Operating grant <i>(Notes 2, 5)</i>	\$ 22,954	\$ 22,691
Interest income	57	56
	<u>23,011</u>	<u>22,747</u>
EXPENSES		
Scholarships and awards	5,200	4,000
Administration	1,800	1,800
Professional fees	1,798	1,162
School environmental projects	1,591	2,609
Receptions and meetings	1,541	1,733
Office	1,170	2,749
Insurance	1,150	1,150
HST rebate disallowed	1,043	-
Monitoring and consulting fees	1,003	2,242
Advertising and promotion	844	1,542
Interest and bank charges	51	64
	<u>17,191</u>	<u>19,051</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 5,820</u>	<u>\$ 3,696</u>

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Net Assets

Year Ended October 31, 2011

(Unaudited)

	2011	2010
NET ASSETS - BEGINNING OF YEAR		
As previously reported	\$ 34,575	\$ 34,661
Prior period adjustment <i>(Note 7)</i>	<u>-</u>	<u>(3,782)</u>
As restated	34,575	30,879
EXCESS OF REVENUE OVER EXPENSES	<u>5,820</u>	<u>3,696</u>
NET ASSETS - END OF YEAR	<u>\$ 40,395</u>	<u>\$ 34,575</u>

CRANE MOUNTAIN ENHANCEMENT INC.

Statement of Cash Flows
Year Ended October 31, 2011
(Unaudited)

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenses	<u>\$ 5,820</u>	<u>\$ 3,696</u>
Changes in non-cash working capital:		
HST rebate recoverable	572	1,979
Prepaid expenses	-	(1,405)
Accounts payable	1,002	(180)
Deferred income	<u>52</u>	<u>-</u>
	<u>1,626</u>	<u>394</u>
INCREASE IN CASH FLOW	7,446	4,090
CASH - BEGINNING OF YEAR	<u>38,650</u>	<u>34,560</u>
CASH - END OF YEAR	<u>\$ 46,096</u>	<u>\$ 38,650</u>

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2011

(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 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 on an accrual basis.

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 in determining their fair value, contributed services are not recognized in these financial statements.

3. FINANCIAL INSTRUMENTS

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 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 organization's sole source of income is an operating grant, provided by Fundy Region Solid Waste Commission.

Fair Value

The organization's carrying value of cash 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 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 as it does not hold any foreign currency.

(continues)

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2011

(Unaudited)

3. FINANCIAL INSTRUMENTS (continued)

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 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 bank indebtedness.

4. CAPITAL DISCLOSURE

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

The organization is not subject to externally imposed capital requirements and the organization's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2010.

5. ECONOMIC DEPENDENCE

The organization received an operating grant of \$22,954 (2010 - \$22,691) from Fundy Region Solid Waste Commission, representing 99.8 % (2010 - 99.8%) of revenue.

6. CONTINGENT LIABILITY

Canada Revenue Agency (CRA) has reassessed the organization and has determined that the organization is not eligible for an HST rebate. The organization believes that CRA's decision to disallow the HST rebate application is incorrect and has filed a Notice of Objection. As at October 31, 2011, CRA has received the Notice of Objection but the review has not yet been completed by the Appeals Division of CRA. As at October 31, 2011, the organization has an unrecorded contingent liability of \$3,334.

The organization has filed its 2011 HST rebate return in the amount of \$471 but has not recorded it in these financial statements.

7. PRIOR PERIOD ADJUSTMENT

During the year it was discovered that the operating grant received from Fundy Region Solid Waste Commission was restricted to a 12 month calendar period, not the organization's fiscal year and a portion should be deferred. This was corrected in the current year and is shown as a prior period adjustment. As a result of this correction, the opening balance of deferred income has been increased by \$3,782 and net assets decreased by \$3,782.

CRANE MOUNTAIN ENHANCEMENT INC.

Notes to Financial Statements

Year Ended October 31, 2011

(Unaudited)

8. CHANGE IN ACCOUNTING FRAMEWORK

The Accounting Standards Board has given not-for-profit organizations the option to select from one of two available sets of accounting standards and apply that set for annual financial statements relating to fiscal years beginning on or after January 1, 2012. The options are as follows:

- Part I - International Financial Reporting Standards (IFRS)
- Part III - Accounting Standards for Not-for-Profit Organizations.

The organization is currently evaluating the implications of the adoption of these new standards.