

WESLEY ACRES INC.

NON-CONSOLIDATED FINANCIAL STATEMENTS

year ended

DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the directors of
WESLEY ACRES INC.

We have audited the accompanying non-consolidated financial statements of **WESLEY ACRES INC.**, which comprise the non-consolidated statement of financial position as at December 31, 2017 and the non-consolidated statements of operations and changes in net assets and cash flows for the year ended December 31, 2017, 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 non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated 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 non-consolidated 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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis of Qualified Opinion

In common with many charitable organizations, **WESLEY ACRES INC.** derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the non-consolidated financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of **WESLEY ACRES INC.** as at December 31, 2017 and the results of its operations and its cash flows for the years ended December 31, 2017 in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Picton, Ontario
May 12, 2018

WESLEY ACRES INC.

(Incorporated under the laws of Canada)

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash		\$ 624,028	\$ 635,879
Accounts receivable		736	351
HST receivable		8,834	26,698
Inventory		1,613	-
Due from subsidiary - note 11		25,090	268,611
Prepaid expenses and deposits		<u>56,763</u>	<u>-</u>
		<u>717,064</u>	<u>931,539</u>
INVESTMENTS			
Investments - note 4		9,779	9,610
Investment in subsidiary - note 5		<u>202,517</u>	<u>176,283</u>
		<u>212,296</u>	<u>185,893</u>
CAPITAL ASSETS - note 6			
		<u>2,589,478</u>	<u>2,320,762</u>
		<u>\$ 3,518,838</u>	<u>\$ 3,438,194</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 37,552	\$ 7,441
Deferred revenue		<u>1,330</u>	<u>2,283</u>
		<u>38,882</u>	<u>9,724</u>
DEFERRED CONTRIBUTIONS			
Deferred contributions related to capital assets - note 7		1,167,134	1,113,087
Deferred contributions - other - note 8		<u>295,151</u>	<u>255,047</u>
		<u>1,462,285</u>	<u>1,368,134</u>
NET ASSETS			
Internally restricted - invested in capital assets - note 9		1,422,344	1,207,675
Internally restricted reserves - note 9		143,302	249,528
Unrestricted net assets		<u>452,025</u>	<u>603,133</u>
		<u>2,017,671</u>	<u>2,060,336</u>
		<u>\$ 3,518,838</u>	<u>\$ 3,438,194</u>

Approved by the Board:

 Director

 Director

 Director

WESLEY ACRES INC.

(Incorporated under the laws of Canada)

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2017

	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Unrestricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
BALANCE , beginning of year as restated	\$ 1,207,675	\$ 249,528	\$ 603,133	\$ 2,060,336	\$ 1,863,355
Excess (deficiency) of revenue over expenses	(98,690)	-	56,025	(42,665)	196,981
Investment in capital assets	313,359	-	(313,359)	-	-
Interfund transfers - note 12	<u>-</u>	<u>(106,226)</u>	<u>106,226</u>	<u>-</u>	<u>-</u>
BALANCE , end of year	<u>\$ 1,422,344</u>	<u>\$ 143,302</u>	<u>\$ 452,025</u>	<u>\$ 2,017,671</u>	<u>\$ 2,060,336</u>

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUE		
Accommodations - note 13	\$ 77,567	\$ 12,249
Facilities - note 13	7,080	2,264
Food services - note 13	56,468	-
Program	63,641	65,345
Donations	359,938	352,566
Shareholder loan interest	1,551	5,163
HST rebate	9,848	6,326
Miscellaneous	15,467	1,116
Government grant income	5,894	-
Rental income	6,469	600
Land rent from related party - note 11	<u>225,000</u>	<u>18,000</u>
	<u>828,923</u>	<u>463,629</u>
EXPENSES (per schedule)		
Housekeeping	56,813	-
Administration	320,867	126,838
Promotion - fundraising	6,271	-
Food services	47,222	-
Facilities	154,938	8,483
Program	<u>193,321</u>	<u>248,147</u>
	<u>779,432</u>	<u>383,468</u>
EXCESS OF REVENUE OVER EXPENSES before other	<u>49,491</u>	<u>80,161</u>
OTHER		
Amortization of capital assets	(215,248)	(202,651)
Amortization of deferred contributions - note 7	116,558	107,383
Loss on disposal of capital asset	(5,522)	(6,000)
HST on voluntary disclosure - note 10	(14,178)	-
Shared operating costs - note 11	-	(24,252)
Equity pick up of current year income of subsidiary - note 5	26,234	115,263
Insurance proceeds - net	<u>-</u>	<u>127,077</u>
	<u>(92,156)</u>	<u>116,820</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (42,665)</u>	<u>\$ 196,981</u>

WESLEY ACRES INC.
NON-CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
HOUSEKEEPING		
Wages and benefits	\$ 44,894	\$ -
Supplies	<u>11,919</u>	<u>-</u>
	<u>\$ 56,813</u>	<u>\$ -</u>
ADMINISTRATION		
Wages and benefits	\$ 94,474	\$ 78,212
Professional fees	30,761	18,841
Telephone	5,844	-
Board and committee	7,035	6,270
Office	8,820	-
Taxes and insurance	67,698	9,525
Travel expenses	1,716	-
Utilities	75,989	2,912
Miscellaneous	15,061	-
Bank charges	<u>13,469</u>	<u>11,078</u>
	<u>\$ 320,867</u>	<u>\$ 126,838</u>
PROMOTION - FUNDRAISING		
Printing	\$ 1,445	\$ -
Advertising	<u>4,826</u>	<u>-</u>
	<u>\$ 6,271</u>	<u>\$ -</u>
FOOD SERVICES		
Food	\$ 45,137	\$ -
Miscellaneous	<u>2,085</u>	<u>-</u>
	<u>\$ 47,222</u>	<u>\$ -</u>
FACILITIES		
Wages and benefits	\$ 45,004	\$ -
Maintenance and repairs	105,473	8,483
Gas and diesel fuel	<u>4,461</u>	<u>-</u>
	<u>\$ 154,938</u>	<u>\$ 8,483</u>
PROGRAM		
Wages and benefits	\$ 112,268	\$ 90,520
Supplies	37,950	31,774
Honoraria	29,252	62,647
Rentals	146	6,040
Miscellaneous	<u>13,705</u>	<u>57,166</u>
	<u>\$ 193,321</u>	<u>\$ 248,147</u>

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (42,665)	\$ 196,981
Adjustments for:		
Amortization of deferred capital contributions	(116,558)	(107,383)
Amortization of capital assets	215,248	202,651
Equity pick up of current year (income) loss of subsidiary	(26,234)	(115,263)
Loss on disposal of capital asset	5,522	6,000
Capital asset impairment	<u>-</u>	<u>34,740</u>
	35,313	217,726
Changes in non-cash working capital components:		
Accounts receivable	(385)	(351)
HST receivable	17,864	59,203
Inventory	(1,613)	-
Prepaid expenses and deposits	(56,763)	-
Accounts payable and accrued liabilities	30,111	(12,451)
Deferred revenue	(953)	1,975
Deferred contributions	<u>40,104</u>	<u>11,426</u>
Cash flows from operating activities	<u>63,678</u>	<u>277,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(323,419)	(116,766)
Proceeds on sale of capital assets	4,878	-
Donations received for capital asset acquisitions	170,605	50,037
Redemption (purchase) of investments	<u>(169)</u>	<u>26,360</u>
Cash flows from investing activities	<u>(148,105)</u>	<u>(40,369)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advances from (to) subsidiary	<u>72,576</u>	<u>(44,401)</u>
Cash flows from financing activities	<u>72,576</u>	<u>(44,401)</u>
INCREASE (DECREASE) IN CASH	(11,851)	192,758
CASH, beginning of year	<u>635,879</u>	<u>443,121</u>
CASH, end of year	<u>\$ 624,028</u>	<u>\$ 635,879</u>

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. PURPOSE OF THE ORGANIZATION

Wesley Acres Inc. is a non-profit charitable corporation incorporated under the laws of Canada. The purpose of the corporation is to preach, teach, promote, demonstrate, encourage, disseminate and implement the Gospel of Jesus Christ and related truths of the Holy Bible through facilities and programs that communicate and exemplify the Christian faith in furtherance of the teachings and practices of The Free Methodist Church in Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

These non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of estimates

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 non-consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's capital assets and the net realizable value of the inventory. Actual results could differ from these estimates.

Revenue recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions and other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Deposits for events in future years are recorded as deferred revenue.

Contributed material and services

Contributed materials and services are recognized in the non-consolidated financial statements when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations, and when they would otherwise have been purchased.

Inventory

Inventories are valued at the lower of cost and net realizable value with cost being determined substantially on a first-in, first-out basis.

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Building - wood construction	- 25 years
- steel construction	- 40 years
Equipment and furniture	- 5 years
Site services, roads and other land improvements	- 15 years
Trailer park	- 15 years
Dock	- 10 years
Shower Trailer	- 15 years
Signs	- 5 years
Trailer	- 5 years
Boat	- 15 years
Vehicles	- 3 years
Manor archives	- 25 years
Sewers	- 25 years

Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at amortized cost.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, investments, HST receivable and amounts due from subsidiary.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Income Taxes

The Corporation is a registered charity, and as such, is exempt from income taxes.

Investment in Subsidiary

The Corporation has elected to report its investment in the wholly owned profit oriented subsidiary, Wesley Acres Trailer Park Inc., using the equity method of accounting. Under this method, net income of the subsidiary is reported as income of the Corporation and the investment value is adjusted to include the retained earnings of the subsidiary.

3. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations.

Credit risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation has exposure to credit risk in the balance due from its subsidiary. Management believes that Wesley Acres Trailer Park Inc. has sufficient assets and will generate sufficient cash flow to meet its obligations. No allowance for doubtful accounts has been provided.

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

3. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet a demand for cash or fund its obligations as they come due. The Corporation manages this risk by reviewing its expected future cash flow requirements and by holding cash reserves.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Corporation's investments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Corporation to interest rate risk arises from its interest bearing assets. The Corporation's cash includes amounts on deposit with financial institutions that earn interest at market rates.

Fluctuations in market rates of interest on cash and investments do not have a significant impact on the Corporation's results of operations.

Other price risk

Other price risk refers to the risk that fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Corporation's fixed income securities are held through The Free Methodist Church in Canada. Management does not believe that it is exposed to significant risk through these holdings.

Changes in risk

There have been no significant changes in risk exposure from the prior year.

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

4. INVESTMENTS

Investments are reported at cost plus accrued interest and consist of the following:

	<u>2017</u>	<u>2016</u>
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2018	\$ 9,779	\$ -
Free Methodist Church in Canada Bond earning interest at 1.75% maturing October 2, 2017	-	9,610
	<u>\$ 9,779</u>	<u>\$ 9,610</u>

5. INVESTMENT IN SUBSIDIARY

As of January 1, 2014 the operations of Wesley Acres Inc. were divided between Wesley Acres Inc. and Wesley Acres Trailer Park Inc. Wesley Acres Inc. owns 100% of the common shares of Wesley Acres Trailer Park Inc.

Wesley Acres Inc. has recorded its investment in the wholly owned subsidiary using the equity method of accounting and the investment is detailed as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 176,283	\$ 61,021
Equity pick up of current year income (loss)	<u>26,234</u>	<u>115,262</u>
	<u>\$ 202,517</u>	<u>\$ 176,283</u>

Summary financial information for Wesley Acres Trailer Park Inc. is as follows:

	<u>2017</u>	<u>2016</u>
Total assets	\$ 443,235	\$ 512,824
Total liabilities	240,718	336,541
Shareholder's equity	202,517	176,283
Total revenues	838,715	1,133,067
Total expenses	812,481	1,017,805
Net income (loss)	26,234	115,262
Cash flows from - operations	160,664	126,398
- investing	(68,848)	(26,490)
- financing	(17,855)	44,401

Cash flows from financing activities consist of funds advanced (repaid) to Wesley Acres Trailer Park Inc. from Wesley Acres Inc.

WESLEY ACRES INC.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

6. CAPITAL ASSETS

Capital assets consist of the following:

	2017			2016
	Cost	Accumulated		Net
		Amortization	Net	
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Land improvements	1,058,221	683,452	374,769	292,889
Mapledene Motel	397,556	364,338	33,218	35,070
Welcome Centre	859,438	102,132	757,306	791,683
Trailer Park	263,728	244,708	19,020	22,781
Building improvements	687,397	481,219	206,178	196,849
Equipment	882,863	834,181	48,682	28,164
Dock	6,894	3,568	3,326	4,015
Boat	22,538	6,012	16,526	18,029
Tennis court	30,656	30,656	-	-
Other buildings	282,029	107,598	174,431	174,987
Aldersgate Lodge	173,541	102,559	70,982	52,071
Douglas Memorial Centre	483,426	212,654	270,772	95,965
Picnic shelters and coverall	37,371	26,579	10,792	12,165
Tenting area	16,508	16,508	-	-
Youth campus	143,988	114,855	29,133	38,547
Cabins	385,726	192,085	193,641	209,070
Utility upgrade	279,959	140,335	139,624	100,839
Shower trailer	34,524	13,861	20,663	22,959
Front gate sign	32,774	22,419	10,355	6,279
Vehicles	20,340	13,280	7,060	4,000
Trailer	5,000	2,000	3,000	14,400
	<u>\$ 6,304,477</u>	<u>\$ 3,714,999</u>	<u>\$ 2,589,478</u>	<u>\$ 2,320,762</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the restricted contributions received in the current and prior years for the acquisition of capital assets. Deferred contributions are amortized to revenue on the same basis that the capital assets acquired with the funding are amortized. The changes in the deferred contributions balance are as follows:

	2017	2016
Balance, beginning of year	\$ 1,113,087	\$ 1,170,433
Additional contributions	170,605	50,037
Amounts recognized as revenue	<u>(116,558)</u>	<u>(107,383)</u>
Balance, end of year	<u>\$ 1,167,134</u>	<u>\$ 1,113,087</u>

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

8. DEFERRED CONTRIBUTIONS - OTHER

Other deferred contributions consist of externally restricted donations for future camp improvements and certain operating purposes. Amounts are taken into revenue as specified expenses are incurred. Changes in the deferred contributions balance are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 255,047	\$ 243,621
Contributions received	212,727	58,225
Amounts recognized as revenue	<u>(172,623)</u>	<u>(46,799)</u>
Balance, end of year	<u>\$ 295,151</u>	<u>\$ 255,047</u>

9. INTERNALLY RESTRICTED NET ASSETS

Invested in Capital Assets

The components of this fund are as follows:

	<u>2017</u>	<u>2016</u>
Capital assets	\$ 2,589,478	\$ 2,320,762
Deferred contributions related to capital assets	<u>(1,167,134)</u>	<u>(1,113,087)</u>
	<u>\$ 1,422,344</u>	<u>\$ 1,207,675</u>

Reserves

The Corporation has chosen to set aside funds for particular future expenses. These internally restricted funds have been designated by management for the following purposes:

	<u>2017</u>	<u>2016</u>
Capital repairs	\$ 3,697	\$ 2,316
Road repairs	-	425
Unspecified	<u>139,605</u>	<u>246,787</u>
	<u>\$ 143,302</u>	<u>\$ 249,528</u>

10. HST ON VOLUNTARY DISCLOSURE

During the year, it was determined that Wesley Acres Inc. had been collecting HST on revenues that are not subject to HST due to its charitable status. Wesley Acres Inc. is permitted to retain 40% of any HST collected and the amount shown represents the 40% of the revenues collected in error between 2014 and 2017 that have been reported and remitted to Canada Revenue Agency since year end.

WESLEY ACRES INC.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

11. RELATED PARTY TRANSACTIONS

The amounts shown as related party transactions represent those between the Corporation and its wholly owned subsidiary, Wesley Acres Trailer Park Inc. The amounts due from the subsidiary have no fixed terms of repayment. Interest of 2% annually is calculated on monthly balances.

The following related party transactions occurred in the normal course of business and have been recorded at their exchange amount which is the amount agreed upon by the related parties.

	<u>2017</u>	<u>2016</u>
Shared operating costs paid to the subsidiary	\$ -	\$ (23,332)
Non-recoverable HST paid on shared operating costs	<u>-</u>	<u>(920)</u>
Shared cost recovery	<u>-</u>	<u>(24,252)</u>
Land rental costs paid by the subsidiary to Wesley Acres Inc.	<u>\$ 225,000</u>	<u>\$ 18,000</u>
Donation from Wesley Acres Trailer Park Inc.	<u>\$ 50,000</u>	<u>\$ -</u>

Wesley Acres Inc leases land to Wesley Acres Trailer Park Inc. In previous years an amount set at budget times was charged by Wesley Acres Inc. for shared costs each year, but this model has been replaced by utilizing set percentages of operating costs incurred throughout the year. The lease is for a period of twenty years and it commenced in 2017 and has a base rent of \$225,000.

The continuity of the due to shareholder balance is as follows:

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 268,611	\$ 224,210
Transfer of assets to Wesley Acres Inc.	(170,945)	-
Split costs owed from Wesley Acres Inc.	(68,170)	(50,537)
Split costs owed to Wesley Acres Inc.	5,898	89,775
HST owed from Wesley Acres Inc.	(11,855)	-
Interest owed on shareholder loan balance	<u>1,551</u>	<u>5,163</u>
	<u>\$ 25,090</u>	<u>\$ 268,611</u>

12. INTERFUND TRANSFERS

Interfund transfers represent amounts set aside by the Board, including interest earned on investments funding the restricted funds, less amounts released to fund qualifying expenditures in the year.

13. REORGANIZATION

The operations of Wesley Acres Inc. and its subsidiary Wesley Acres Trailer Park Inc. were reorganized effective January 1, 2017. Revenues and expenses related to accommodations, facilities and food services were reallocated to Wesley Acres Inc., leaving Wesley Acres Trailer Park Inc. with the revenues and expenses related to the core operation of the trailer park.

Property and equipment previously capitalized by Wesley Acres Trailer Park Inc. was transferred to Wesley Acres Inc. as part of this reorganization.

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

14. EMPLOYEE PENSION PLAN

The Corporation is a member of the multi-employer pension plan, The Ministers' Pension Plan of The Free Methodist Church in Canada. The plan has two components, the first being a defined benefit plan to which membership and contributions were closed on March 31, 2009. The assets and liabilities of the defined benefit plan are not segregated and therefore are accounted for in the same manner as a defined contribution plan. The latest actuarial valuation of the multi-employer defined benefit plan, dated January 1, 2017, showed a plan surplus. The second component of the plan is a defined contribution plan. Members contribute between 3% and 6% of their earnings, with the corporation making matching contributions. The Corporation's contributions to this plan were \$730 for 2017 (2016 - nil).

There were no changes in the contractual elements in the plan in the year.