

WESLEY ACRES INC.

NON-CONSOLIDATED FINANCIAL STATEMENTS

year ended

DECEMBER 31, 2016

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, 2016 and the non-consolidated statements of operations and changes in net assets and cash flows for the year ended December 31, 2016, 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.

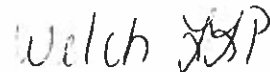
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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, 2016 and 2015, current assets as at December 31, 2016 and 2015, and net assets as at January 1 and December 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2015 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, 2016 and the results of its operations and its cash flows for the years ended December 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Picton, Ontario
March 25, 2017

WESLEY ACRES INC.

(Incorporated under the laws of Canada)


NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 635,879	\$ 443,121
Accounts receivable	351	-
HST receivable	26,698	85,901
Due from subsidiary - note 10	<u>268,611</u>	<u>224,210</u>
	<u>931,539</u>	<u>753,232</u>
INVESTMENTS		
Investments - note 4	9,610	35,970
Investment in subsidiary - note 5	<u>176,283</u>	<u>61,021</u>
	<u>185,893</u>	<u>96,991</u>
CAPITAL ASSETS - note 6	<u>2,320,762</u>	<u>2,447,387</u>
	<u>\$ 3,438,194</u>	<u>\$ 3,297,610</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 7,441	\$ 19,893
Deferred revenue	<u>2,283</u>	<u>308</u>
	<u>9,724</u>	<u>20,201</u>
DEFERRED CONTRIBUTIONS		
Deferred contributions related to capital assets - note 7	1,113,087	1,170,433
Deferred contributions - other - note 8	<u>255,047</u>	<u>243,621</u>
	<u>1,368,134</u>	<u>1,414,054</u>
NET ASSETS		
Internally restricted - invested in capital assets - note 9	1,207,675	1,276,954
Internally restricted reserves - note 9	249,528	76,472
Unrestricted net assets	<u>603,133</u>	<u>509,929</u>
	<u>2,060,336</u>	<u>1,863,355</u>
	<u>\$ 3,438,194</u>	<u>\$ 3,297,610</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, 2016

	<u>Invested in Capital Assets</u>	<u>Internally Restricted Reserves</u>	<u>Unrestricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
BALANCE , beginning of year as previously stated	\$ 1,298,433	\$ 120,538	\$ 509,929	\$ 1,928,900	\$ 2,130,754
Prior period adjustment - note 14	<u>(21,479)</u>	<u>(44,066)</u>	<u>-</u>	<u>(65,545)</u>	<u>(42,247)</u>
BALANCE , beginning of year as restated	1,276,954	76,472	509,929	1,863,355	2,088,507
Excess (deficiency) of revenue over expenses	(101,268)	-	298,249	196,981	(225,152)
Investment in capital assets	31,989	-	(31,989)	-	-
Interfund transfers - note 11	<u>-</u>	<u>173,056</u>	<u>(173,056)</u>	<u>-</u>	<u>-</u>
BALANCE , end of year	<u>\$ 1,207,675</u>	<u>\$ 249,528</u>	<u>\$ 603,133</u>	<u>\$ 2,060,336</u>	<u>\$ 1,863,355</u>

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUE		
Accommodations	\$ 12,249	\$ 14,169
Facilities	2,264	3,122
Program	65,345	66,336
Donations	352,566	392,662
Shareholder loan interest	5,163	-
Miscellaneous	<u>8,042</u>	<u>8,284</u>
	<u>445,629</u>	<u>484,573</u>
 EXPENSES (per schedule)		
Administration	126,838	198,328
Facilities	8,483	51,214
Program	<u>248,147</u>	<u>265,491</u>
	<u>383,468</u>	<u>515,033</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES before other		
	<u>62,161</u>	<u>(30,460)</u>
 OTHER		
Amortization of capital assets	(202,651)	(220,867)
Amortization of deferred contributions - note 7	107,383	98,760
Loss on disposal of capital asset	(6,000)	-
Shared operating costs - note 10	(6,252)	(35,197)
Equity pick up of current year income (loss) of subsidiary	115,263	(37,388)
Insurance proceeds - net - note 13	<u>127,077</u>	<u>-</u>
	<u>134,820</u>	<u>(194,692)</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		
	<u>\$ 196,981</u>	<u>\$ (225,152)</u>

WESLEY ACRES INC.
NON-CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
ADMINISTRATION		
Wages and benefits	\$ 78,212	\$ 68,986
Professional fees	18,841	15,728
Board and committee	6,270	8,797
Taxes and refunds of property tax charges	9,525	89,088
Utilities	2,912	2,128
Miscellaneous	-	4,570
Bank charges	<u>11,078</u>	<u>9,031</u>
	<u>\$ 126,838</u>	<u>\$ 198,328</u>
FACILITIES		
Maintenance and repairs	<u>\$ 8,483</u>	<u>\$ 51,214</u>
PROGRAM		
Wages and benefits	\$ 90,520	\$ 84,896
Supplies	31,774	21,356
Honoraria	62,647	65,796
Rentals	6,040	14,540
Miscellaneous	<u>57,166</u>	<u>78,903</u>
	<u>\$ 248,147</u>	<u>\$ 265,491</u>

WESLEY ACRES INC.
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 196,981	\$ (225,152)
Adjustments for:		
Amortization of deferred capital contributions	(107,383)	(98,760)
Amortization of capital assets	202,651	220,867
Equity pick up of current year (income) loss of subsidiary	(115,263)	37,388
Loss on disposal of capital asset	6,000	-
Capital asset impairment - note 13	<u>34,740</u>	<u>-</u>
	217,726	(65,657)
Changes in non-cash working capital components:		
Accounts receivable	(351)	-
HST receivable	59,203	(17,983)
Accounts payable and accrued liabilities	(12,451)	(11,783)
Deferred revenue	1,975	308
Deferred contributions	<u>11,426</u>	<u>87,217</u>
Cash flows from operating activities	<u>277,528</u>	<u>(7,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(116,766)	(603,778)
Proceeds on sale of capital assets	-	2,322
Donations received for capital asset acquisitions	50,037	428,668
Redemption (purchase) of investments	<u>26,360</u>	<u>(477)</u>
Cash flows from investing activities	<u>(40,369)</u>	<u>(173,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advances from (to) subsidiary	<u>(44,401)</u>	<u>155,837</u>
Cash flows from financing activities	<u>(44,401)</u>	<u>155,837</u>
INCREASE (DECREASE) IN CASH	192,758	(25,326)
CASH, beginning of year	<u>443,121</u>	<u>468,447</u>
CASH, end of year	<u>\$ 635,879</u>	<u>\$ 443,121</u>

WESLEY ACRES INC.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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. 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.

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

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.

Controlled Profit-Oriented Enterprise

The Corporation has elected to report its investment in the wholly owned 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, 2016

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.

The Corporation manages its exposure to the interest rate risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and investments do not have a significant impact on the Corporation's results of operations.

The primary objective of the Corporation with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

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, 2016

4. INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Free Methodist Church in Canada Bond earning interest at 1.75% maturing October 2, 2017	9,610	-
Free Methodist Church in Canada Bond earning interest at 1.75%, maturing Oct 2, 2016	-	9,444
Toronto-Dominion Bank, GIC, earning interest at Bank of Montreal, earning interest at rates between 0.90% and 1.0%, maturing July 3, 2018	-	<u>26,526</u>
	<u>\$ 9,610</u>	<u>\$ 35,970</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>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 61,021	\$ 98,409
Cost of shares acquired	-	-
Equity pick up of current year income (loss)	<u>115,262</u>	<u>(37,388)</u>
	<u>\$ 176,283</u>	<u>\$ 61,021</u>

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

	<u>2016</u>	<u>2015</u>
Total assets	\$ 512,824	\$ 366,792
Total liabilities	336,541	305,771
Shareholder's equity	176,283	61,021
Total revenues	1,133,067	1,050,948
Total expenses	1,017,805	1,088,336
Net income (loss)	115,262	(37,388)
Cash flows from - operations	126,398	26,773
- investing	(26,490)	(116,882)
- financing	44,401	(155,837)

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, 2016

6. CAPITAL ASSETS

Capital assets consist of the following:

	2016			2015
	Cost	Accumulated		Net
		Amortization	Net	
Land	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Land improvements	926,746	633,857	292,889	331,650
Mapledene Motel	397,556	362,486	35,070	36,922
Welcome Centre	859,438	67,755	791,683	801,052
Trailer Park	263,728	240,947	22,781	27,036
Building improvements	656,568	459,719	196,849	214,831
Equipment	845,484	817,320	28,164	48,559
Dock	6,894	2,879	4,015	4,705
Boat	22,538	4,509	18,029	19,532
Tennis court	30,656	30,656	-	-
Other buildings	272,462	97,475	174,987	154,901
Aldersgate Lodge	151,162	99,091	52,071	54,644
Douglas Memorial Centre	296,567	200,602	95,965	103,346
Picnic shelters and coverall	37,371	25,206	12,165	13,538
Tenting area	16,508	16,508	-	-
Youth campus	143,988	105,441	38,547	48,143
Cabins	385,726	176,656	209,070	224,499
Utility upgrade	222,513	121,674	100,839	115,670
Shower trailer	34,524	11,565	22,959	25,255
Front gate sign	24,183	17,904	6,279	11,104
Vehicles	10,500	6,500	4,000	6,000
Trailer	18,000	3,600	14,400	6,000
	<u>\$ 5,823,112</u>	<u>\$ 3,502,350</u>	<u>\$ 2,320,762</u>	<u>\$ 2,447,387</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:

	2016	2015
Balance, beginning of year	\$ 1,170,433	\$ 840,525
Additional contributions	50,037	428,668
Amounts recognized as revenue	<u>(107,383)</u>	<u>(98,760)</u>
Balance, end of year	<u>\$ 1,113,087</u>	<u>\$ 1,170,433</u>

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 243,621	\$ 156,404
Contributions received	58,225	118,539
Amounts recognized as revenue	<u>(46,799)</u>	<u>(31,322)</u>
Balance, end of year	<u>\$ 255,047</u>	<u>\$ 243,621</u>

9. INTERNALLY RESTRICTED NET ASSETS

Invested in Capital Assets

The components of this fund are as follows:

	<u>2016</u>	<u>2015</u>
Capital assets	\$ 2,320,762	\$ 2,447,387
Deferred contributions related to capital assets	<u>(1,113,087)</u>	<u>(1,170,433)</u>
	<u>\$ 1,207,675</u>	<u>\$ 1,276,954</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>2016</u>	<u>2015</u>
Capital repairs	\$ 2,316	\$ 3,077
Road repairs	425	426
Unspecified	<u>246,787</u>	<u>72,969</u>
	<u>\$ 249,528</u>	<u>\$ 76,472</u>

WESLEY ACRES INC.
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

10. 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>2016</u>	<u>2015</u>
Shared operating costs paid to the subsidiary	\$ 23,332	\$ 45,176
Non-recoverable HST paid on shared operating costs	920	2,021
Land rental costs paid by the subsidiary to Wesley Acres Inc.	<u>(18,000)</u>	<u>(12,000)</u>
Shared operating costs	<u>\$ 6,252</u>	<u>\$ 35,197</u>
Donation from Wesley Acres Trailer Park Inc.	<u>\$ -</u>	<u>\$ 75,000</u>

11. 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.

12. 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, 2014, showed a current 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 nil for 2016 (2015 - \$753).

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

13. INSURANCE PROCEEDS

During the year a tornado travelled through Wesley Acres Inc. Insurance proceeds were received for the replacement value of the assets. At year end, not all assets had been replaced. Proceeds received and damages incurred were as follows:

Insurance proceeds - gross	\$ 192,503
Impaired capital assets	(34,740)
Repairs and maintenance	<u>(30,686)</u>
Insurance proceeds - net	<u>\$ 127,077</u>

WESLEY ACRES INC.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

14. PRIOR PERIOD ADJUSTMENT

During the year, it was determined that the Internally Restricted net assets for the Youth Campus should have been recorded as deferred contributions since 2014. Revenue that was recognized for Youth Campus donations should have been directly credited to deferred contributions and any funding related to capital spending should have been transferred to deferred capital contributions and amortized at the same rate as capital assets acquired.

Prior year financial statements have been adjusted to reflect this change for the years of 2014 and 2015 inclusive.

The impact on the 2015 comparative balances are as follows:

	2015 <u>Previously Stated</u>	<u>Adjustment</u>	2015 <u>Restated</u>
Donation revenue	418,248	(25,586)	392,662
Amortization of deferred capital contributions	96,472	2,288	98,760
Deferred contributions	199,555	44,066	243,621
Deferred capital contributions	1,148,954	21,479	1,170,433
Invested in capital assets	1,298,433	(21,479)	1,276,954
Internally restricted net assets	120,538	(44,066)	76,472
Opening net assets, 2015	2,130,754	(42,247)	2,088,507

