

WESLEY ACRES TRAILER PARK INC.

FINANCIAL STATEMENTS

year ended

DECEMBER 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the directors of
WESLEY ACRES TRAILER PARK INC.

We have audited the accompanying financial statements of **WESLEY ACRES TRAILER PARK INC.**, which comprise the balance sheet as at December 31, 2015 and the statements income and retained earnings and cash flows for the year ended December 31, 2015, 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 accounting standards for private enterprises, 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.

Auditor's 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 **WESLEY ACRES TRAILER PARK INC.** as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Picton, Ontario
May 14, 2016

WESLEY ACRES TRAILER PARK INC.

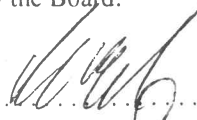


(Incorporated under the laws of Ontario)

BALANCE SHEET

DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 98,962	\$ 344,908
Accounts receivable	16,168	25,885
HST receivable	-	43,512
Inventory	1,359	1,948
Prepaid expenses	<u>82,381</u>	<u>48,569</u>
	<u>198,870</u>	<u>464,822</u>
PROPERTY AND EQUIPMENT - note 4	<u>167,922</u>	<u>73,122</u>
	<u>\$ 366,792</u>	<u>\$ 537,944</u>
<u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 70,502	\$ 39,053
HST payable	8,343	-
Income taxes - note 5	1,740	19,078
Deferred revenue	976	1,357
Due to shareholder - note 8	<u>224,210</u>	<u>380,047</u>
	<u>305,771</u>	<u>439,535</u>
SHAREHOLDER'S EQUITY		
Capital stock - note 7	100	100
Retained earnings	<u>60,921</u>	<u>98,309</u>
	<u>61,021</u>	<u>98,409</u>
	<u>\$ 366,792</u>	<u>\$ 537,944</u>

Approved by the Board:

.......... Director
.......... Director
.......... Director

WESLEY ACRES TRAILER PARK INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Accommodations	\$ 98,967	\$ 94,006
Facilities	8,456	9,117
Food services	141,715	134,470
Lot lease	631,169	623,474
Maintenance services	63,160	48,684
Miscellaneous	53,817	49,938
Program	16,238	17,013
Trailer infrastructure	<u>4,250</u>	<u>2,827</u>
	<u>1,017,772</u>	<u>979,529</u>
 EXPENSES (per schedule)		
Housekeeping	61,764	62,554
Administration	465,129	456,007
Promotion	6,380	4,995
Food services	122,512	118,799
Facilities	321,894	267,358
Program	<u>11,834</u>	<u>11,388</u>
	<u>989,513</u>	<u>921,101</u>
 INCOME FROM OPERATIONS before other	 <u>28,259</u>	 <u>58,428</u>
 OTHER REVENUE (EXPENSES)		
Amortization of property and equipment	(22,083)	(12,041)
Shared cost recovery - note 8	<u>33,176</u>	<u>71,000</u>
	<u>11,093</u>	<u>58,959</u>
 INCOME BEFORE DONATIONS AND INCOME TAXES	 39,352	 117,387
Donation to Wesley Acres Inc.	<u>(75,000)</u>	<u>-</u>
 INCOME BEFORE INCOME TAXES	 (35,648)	 117,387
 INCOME TAXES - note 5	 <u>1,740</u>	 <u>19,078</u>
 NET INCOME (LOSS)	 (37,388)	 98,309
 RETAINED EARNINGS, beginning of year	 <u>98,309</u>	 <u>-</u>
 RETAINED EARNINGS, end of year	 <u>\$ 60,921</u>	 <u>\$ 98,309</u>

WESLEY ACRES TRAILER PARK INC.

SCHEDULE OF EXPENSES

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
HOUSEKEEPING		
Wages and benefits	\$ 47,813	\$ 48,919
Supplies	10,901	10,334
Facility and equipment	<u>3,050</u>	<u>3,301</u>
	<u>\$ 61,764</u>	<u>\$ 62,554</u>
ADMINISTRATION		
Wages and benefits	\$ 132,602	\$ 186,391
Professional fees	23,830	20,379
Telephone	16,463	14,015
Board and committee	2,805	2,450
Office	25,564	22,539
Taxes and insurance - note 10	90,263	54,300
Travel expenses	4,483	3,482
Utilities	139,962	126,291
Miscellaneous	13,331	12,981
Bank charges	13,021	12,081
Bad debts	<u>2,805</u>	<u>1,098</u>
	<u>\$ 465,129</u>	<u>\$ 456,007</u>
PROMOTION		
Printing	\$ 2,436	\$ 2,613
Education and training	<u>3,944</u>	<u>2,382</u>
	<u>\$ 6,380</u>	<u>\$ 4,995</u>
FOOD SERVICES		
Food	\$ 118,676	\$ 111,606
Miscellaneous	<u>3,836</u>	<u>7,193</u>
	<u>\$ 122,512</u>	<u>\$ 118,799</u>
FACILITIES		
Wages and benefits	\$ 153,154	\$ 124,834
Maintenance and repairs	156,453	127,592
Gas and diesel fuel	11,134	13,653
Miscellaneous	<u>1,153</u>	<u>1,279</u>
	<u>\$ 321,894</u>	<u>\$ 267,358</u>
PROGRAM		
Supplies	\$ 3,633	\$ 3,469
Honoraria	<u>8,201</u>	<u>7,919</u>
	<u>\$ 11,834</u>	<u>\$ 11,388</u>

**WESLEY ACRES TRAILER PARK INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (37,388)	\$ 98,309
Adjustments for:		
Amortization	<u>22,083</u>	<u>12,041</u>
	(15,305)	110,350
Changes in non-cash working capital components:		
Accounts receivable	9,717	(25,885)
HST receivable/payable	51,855	(43,512)
Inventory	589	(1,948)
Prepaid expenses	(33,812)	(48,569)
Income taxes payable/recoverable	(17,338)	19,078
Accounts payable and accrued liabilities	31,448	39,053
Deferred revenue	<u>(381)</u>	<u>1,357</u>
Cash flows from operating activities	<u>26,773</u>	<u>49,924</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(116,882)</u>	<u>(85,163)</u>
Cash flows from investing activities	<u>(116,882)</u>	<u>(85,163)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (to) shareholder - net	(155,837)	380,047
Issuance of capital stock	<u>-</u>	<u>100</u>
Cash flows from financing activities	<u>(155,837)</u>	<u>380,147</u>
 INCREASE (DECREASE) IN CASH	(245,946)	344,908
 CASH, beginning of year	<u>344,908</u>	<u>-</u>
 CASH, end of year	<u>\$ 98,962</u>	<u>\$ 344,908</u>

WESLEY ACRES TRAILER PARK INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

1. BUSINESS ACTIVITIES

The Company was incorporated under the Business Corporations Act of the Province of Ontario on December 31, 2013. The Company is a Christ centred company that leases trailer park sites to campers and provides group and individual accommodations for those taking part in programs run by Wesley Acres Trailer Park Inc. and its parent organization, Wesley Acres Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenses during the reporting period. Management makes accounting estimates when estimating allowance for doubtful accounts, the carrying value of its inventories and the useful life of its property and equipment. Actual results could differ from these estimates.

Revenue recognition

Revenues from accommodations, facilities, programs, maintenance services and miscellaneous are recognized as the services are provided. Provision of services is generally presumed to occur as guests complete each day of their stay.

Revenue from food services is recorded when the sales occur.

Lot lease revenue is recognized over the course of the camping season as the services are provided. Provision of services is generally presumed to occur as the lessors complete each day of their rental term.

Revenue from maintenance services is recognized when the service is provided.

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.

Property and equipment

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

Water System	-15 years
Roads	-12 years
Electrical	- 5 years
Trailers	- 5 years
Equipment	- 5 years
Signs	- 5 years
Plumbing	-25 years
Aldersgate Lodge	-25 years

WESLEY ACRES TRAILER PARK INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to shareholder.

Income Taxes

The company has elected to account for income taxes using the taxes payable method.

3. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's exposure and concentration.

Credit risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains provisions for uncollectible amounts when required. The Corporation has no significant exposure to any single debtor and no provision for uncollectible amounts has been recorded in the current year.

Liquidity risk

Liquidity risk is the risk that the company cannot meet its debts when they become due. The company's management manages this risk by reviewing its expected future cash flow requirements.

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 cash is 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 Corporation does not hold any financial instruments which will fluctuate due to changes in market interest rates, thus management does not believe it is exposed to significant interest rate risk.

WESLEY ACRES TRAILER PARK INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

3. FINANCIAL INSTRUMENTS - CONTINUED

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. Management doesn't hold any financial instruments whose value would fluctuate with other price risk, thus management does not believe that it is exposed to significant risk.

Changes in risk

Risk has increased this year as liquidity risk has increased. The cash reserves have decreased significantly and accounts payable and accrued liabilities have increased. This is offset by a reduction in Due to shareholder. There have been no significant changes in other risks.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2015		2014	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Water system	\$ 10,572	\$ 986	\$ 9,586	\$ 4,019
Roads	49,905	4,401	45,504	2,677
Electrical	41,956	4,290	37,666	20,898
Trailers	6,000	2,400	3,600	4,800
Equipment	43,344	15,769	27,575	28,404
Signage	16,375	4,834	11,541	6,237
Plumbing	6,341	508	5,833	6,087
Aldersgate Lodge	23,403	936	22,467	-
Youth Lounge	4,150	-	4,150	-
	<u>\$ 202,046</u>	<u>\$ 34,124</u>	<u>\$ 167,922</u>	<u>\$ 73,122</u>

5. INCOME TAXES

The impact of differences between the company's reported income tax expense and the expense that would otherwise result from the application of statutory tax rates is as follows:

	<u>2015</u>	<u>2014</u>
Taxes (recoverable) payable at the combined federal and provincial statutory rate	\$ (14,081)	\$ 46,367
Increase in tax due to amortization in excess of CCA	2,192	2,251
Increase (reduction) in tax due to small business deduction	(2,694)	(29,540)
Future tax reduction from charitable donation carry forward	<u>16,323</u>	<u>-</u>
Income tax expense	<u>\$ 1,740</u>	<u>\$ 19,078</u>

WESLEY ACRES TRAILER PARK INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

6. 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 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 totalled \$4,625 for 2015 (2014 - \$4,579).

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

7. CAPITAL STOCK

The company is authorized to issue an unlimited number of common shares.

Issued:

	<u>2015</u>	<u>2014</u>
Common shares - 100 shares	\$ <u>100</u>	\$ <u>100</u>

8. RELATED PARTY TRANSACTIONS

Amounts due to shareholder are non-interest bearing and have no fixed terms of repayment.

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>2015</u>	<u>2014</u>
Shared cost recovery paid by the Corporation's shareholder	\$ 45,176	\$ 83,000
Land rental costs paid by the Corporation to the Corporation's shareholder	<u>(12,000)</u>	<u>(12,000)</u>
Shared cost recovery	<u>\$ 33,176</u>	<u>\$ 71,000</u>

The Corporation leases its facilities from Wesley Acres Inc. and is responsible for operating costs related to the facilities. The lease is for a period of twenty years and it commenced in 2014 and calls for a base rent of \$12,000 plus such additional rent as agreed to by the lessor and lessee.

9. COMMITMENTS

The Corporation has renewed the lease agreement for the Xerox photocopier at an annual rental of \$4,729. The lease expires in June 2019. The amount of the commitments until the end of the lease are as follows:

2016	\$ 4,729
2017	4,729
2018	4,729
2019	<u>4,729</u>
	<u>\$ 18,916</u>

WESLEY ACRES TRAILER PARK INC.
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

10. TAXES AND INSURANCE

During the 2015 year, the County of Prince Edward billed supplemental taxes for trailer sites for the 2014 and 2015 years. Amounts billed, by year, were as follows:

2014	\$	13,593
2015		<u>14,448</u>
	\$	<u>28,041</u>

These supplemental billings have been included in the current year expense.

11. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.