

**RESORT MUNICIPALITY OF STANLEY BRIDGE,  
HOPE RIVER, BAYVIEW, CAVENDISH AND  
NORTH RUSTICO  
NON-CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2019**

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## MANAGEMENT'S RESPONSIBILITY FOR THE NON-CONSOLIDATED FINANCIAL STATEMENTS

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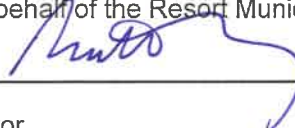
The accompanying non-consolidated financial statements of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico are the responsibility of management and have been prepared in accordance with Canadian accounting standards for the public sector. A summary of the significant accounting policies are described in the notes to the non-consolidated financial statements. The preparation of non-consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the non-consolidated financial statements. These systems are monitored and evaluated by management.

The council met with management and the external auditors to review the non-consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the non-consolidated financial statements.

The non-consolidated financial statements have been audited by MRSB Chartered Professional Accountants Inc., independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the non-consolidated financial statements.

On behalf of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico



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Mayor

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MAYOR AND MEMBERS OF COUNCIL

#### Opinion

We have audited the non-consolidated financial statements of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico, which comprise the non-consolidated statement of financial position as at March 31, 2019, and the non-consolidated statements of changes in surplus, operations, changes in net financial assets and cash flow for the 15 months then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico as at March 31, 2019, and the results of its operations and its cash flows for the 15 months then ended in accordance with Canadian accounting standards for the public sector.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for the public sector 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.

In preparing the non-consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

## Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*MRSB Chartered Professional Accountants Inc.*

CHARLOTTETOWN, P.E.I.

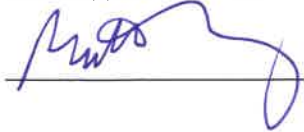
JULY 15, 2019

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2019**

	2019	December 31, 2017
<b>Financial Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 453,763	\$ 259,973
Restricted	261,200	299,176
Accounts receivable	173,925	97,681
Funds held in trust	53,300	18,576
Recreation fund - Restricted - Note 3	40,472	37,283
Contingency fund - Restricted - Note 4	17,020	16,850
Due from Cavendish Sewer Utility	201,269	241,806
	<b>1,200,949</b>	<b>971,345</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	65,255	81,212
Deferred revenue - Note 5	343,110	266,797
Security deposits payable	53,300	18,578
Long term debt - Note 6	209,925	235,328
	<b>671,590</b>	<b>601,915</b>
<b>Net Financial Assets - Statement 4</b>	<b>529,359</b>	<b>369,430</b>
<b>Lease Commitments - Note 7</b>		
<b>Non-Financial Assets</b>		
Tangible capital assets - Schedule 1	688,218	423,004
Prepaid expense	1,229	2,922
	<b>689,447</b>	<b>425,926</b>
<b>Accumulated Surplus</b>	<b>\$ 1,218,806</b>	<b>\$ 795,356</b>
<b>Municipal Position</b>		
Accumulated surplus - Statement 2	<b>\$ 1,218,806</b>	<b>\$ 795,356</b>

ON BEHALF OF THE COUNCIL:



Mayor



Councilor

(Notes 1 to 13 are an integral part of these non-consolidated financial statements)

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NON-CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS  
15 MONTHS ENDED MARCH 31, 2019**

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	2019	2017 (12 months)
<b>Accumulated Surplus - Beginning of Period</b>	<b>\$ 795,356</b>	<b>\$ 623,887</b>
Change in fund balance - Statement 3	420,091	168,207
Change in restricted funds	<u>3,359</u>	<u>3,262</u>
<b>Accumulated Surplus - End of Period - Note 8</b>	<b><u>\$ 1,218,806</u></b>	<b><u>\$ 795,356</u></b>

(Notes 1 to 13 are an integral part of these non-consolidated financial statements)

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NON-CONSOLIDATED STATEMENT OF OPERATIONS  
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
<b>Revenues</b>			
Government transfers for capital - Note 9	\$ -	\$ 433,775	\$ 184,499
Municipal tax	347,937	360,643	271,924
Administration fees - Note 10	20,480	23,110	21,140
Building permits	1,800	10,706	11,525
Miscellaneous	6,500	10,646	12,566
Interest	1,100	897	788
Wage subsidies	-	867	3,375
Government transfers for operations - Note 9	-	-	79,690
Internet servicing contributions	-	-	30,500
	<u>377,817</u>	<u>840,644</u>	<u>616,007</u>
<b>Expenditures</b>			
Advertising	8,000	2,082	7,270
Amortization of tangible capital assets	-	36,988	35,492
Community projects	39,000	9,451	25,753
Farm rebates	900	483	658
Federation dues	2,000	652	522
Fire protection	70,000	89,300	66,129
Honorariums	10,000	9,689	9,682
Insurance	6,000	7,223	5,254
Interest and bank charges	1,500	767	586
Internet project	-	-	119,565
Meeting and miscellaneous	9,700	5,579	6,365
Newsletters	2,200	-	-
Office	8,000	10,257	6,816
Professional fees	70,787	77,417	22,267
Property tax	1,300	765	750
Recreation rebate	800	150	600
Rent	7,000	5,715	5,527
Street lighting and maintenance	50,000	42,043	41,107
Telephone	2,900	3,287	2,714
Travel	8,000	5,591	5,223
Wages and wage levies	92,000	113,114	85,520
	<u>390,087</u>	<u>420,553</u>	<u>447,800</u>
<b>Change in Fund Balance</b>	<u>\$ (12,270)</u>	<u>\$ 420,091</u>	<u>\$ 168,207</u>

(Notes 1 to 13 are an integral part of these non-consolidated financial statements)

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
15 MONTHS ENDED MARCH 31, 2019**

	Budget 2019	Actual 2019	Actual 2017 (12 months)
Change in fund balance	\$ (12,270)	\$ 420,091	\$ 168,207
Amortization of tangible capital assets	-	36,988	35,492
Purchase of tangible capital assets	70,200	(302,201)	(177,236)
Decrease in prepaid expense	-	1,692	102
Increase in recreation fund	-	3,189	3,162
Increase in contingency fund	-	170	103
<b>Increase in Net Financial Assets</b>	<b><u>\$ 57,970</u></b>	<b>159,929</b>	<b>29,830</b>
<b>Net Financial Assets - Beginning of Period</b>		<b><u>369,430</u></b>	<b>339,600</b>
<b>Net Financial Assets - End of Period</b>		<b><u>\$ 529,359</u></b>	<b>\$ 369,430</b>

(Notes 1 to 13 are an integral part of these non-consolidated financial statements)

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NON-CONSOLIDATED STATEMENT OF CASH FLOW  
15 MONTHS ENDED MARCH 31, 2019**

	2019	2017 (12 months)
<b>Cash Flows From Operating Activities</b>		
Change in fund balance	\$ 420,091	\$ 168,207
Amortization of tangible capital assets	36,988	35,492
Increase in accounts receivable	(76,244)	(58,405)
(Increase) decrease in funds held in trust	(34,722)	33,990
Increase (decrease) in accounts payable and accrued liabilities	(15,959)	35,185
Increase (decrease) in deferred revenue	76,313	(75,812)
Increase (decrease) in security deposit	34,722	(33,990)
Decrease in prepaid expense	1,692	102
	<b>442,881</b>	<b>104,769</b>
<b>Cash Flows From Capital Activity</b>		
Purchase of tangible capital assets	(302,201)	(177,236)
<b>Cash Flows From Financing Activities</b>		
Decrease (increase) in amount due from Cavendish Sewer Utility	40,537	(17,187)
Repayment of long term debt	(25,403)	(24,392)
	<b>15,134</b>	<b>(41,579)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>155,814</b>	<b>(114,046)</b>
<b>Cash and Cash Equivalents - Beginning of Period</b>	<b>559,149</b>	<b>673,195</b>
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 714,963</b>	<b>\$ 559,149</b>
<b>Cash and Cash Equivalents Consists of:</b>		
Unrestricted	\$ 453,763	\$ 259,973
Restricted	261,200	299,176
	<b>\$ 714,963</b>	<b>\$ 559,149</b>

(Notes 1 to 13 are an integral part of these non-consolidated financial statements)

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

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## **1. Description of Business**

The Resort Municipality ("the Municipality") is incorporated under the PEI Municipalities Act. The Municipality is a non-profit organization under the Income Tax Act.

## **2. Accounting Policies**

### **Basis of Preparation**

These non-consolidated financial statements for the Resort Municipality of Stanley Bridge, Hope River, Bayview, Cavendish and North Rustico have been prepared in accordance with Canadian accounting standards for the public sector.

The non-consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs and in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services are performed or the tangible capital assets are acquired.

### **Cash and Cash Equivalents**

Cash is comprised of cash in banks.

### **Accounts Receivable**

Accounts receivable arise from funding receivable, miscellaneous receivables, and Harmonized Sales Tax receivable. An allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectible are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

### **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the period, together with the annual surplus, provides the non-consolidated change in net financial assets for the period.

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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

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## 2. Accounting Policies (cont'd)

### Tangible Capital Assets

Commencing January 1, 2009, tangible capital assets are stated at cost and amortized using the straight-line method at the following rates:

Land improvements	20 years
Equipment	10 years
Street lights	25 years
Boardwalk	15 years
Leasehold improvements	20 years
Fencing	10 years
Computer equipment	5 years
Sidewalks and trails	20 years
Signage	5 years
Heritage Park	20 years

Heritage Park was not in use during the period and no amortization has been recorded for the period.

### Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates on the amounts can be determined.

### Revenue Recognition

Property tax billings are assessed based on the market value of real property in the Municipality and is payable in each calendar year. Municipal tax rates are reviewed, established, and approved annually by the Council. These revenues are recognized when monthly billings come due.

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

Interest revenue is recognized on a time proportion basis.

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

## 2. Accounting Policies (cont'd)

### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in statement of operations. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments that are subsequently measured at amortized cost are shown as an adjustment to the carrying value of the related financial instrument.

### Use of Estimates

The presentation of the non-consolidated financial statements in conformity with Canadian accounting standards for the public sector requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those reported. The following are areas in which management makes significant accounting estimates:

- The amounts recorded for amortization of tangible capital assets on the statement of operations is subject to management's assessment of the estimated useful lives of the Municipality's tangible capital assets; and
- The recognized amounts of potential claims and liabilities depend on management's assessment of future costs and the probability these events will occur.

## 3. Recreation Fund

The Members of Council have internally restricted the purpose for which recreation funds arising from subdivision fees may be used. During the period, the Members of Council did not approve the release of any funds for the purpose of funding general operating activities.

	<b>March 31, 2019</b>	December 31, 2017
Balance - beginning of period	\$ 37,283	\$ 34,121
Subdivision fees	2,981	2,944
Interest	208	218
	<hr/>	<hr/>
Balance - end of period	<b>\$ 40,472</b>	<b>\$ 37,283</b>

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

#### 4. Contingency Fund

The Members of Council have internally restricted the purpose for which contingency funds set aside in an earlier fiscal year may be used. During the period, the Members of Council did not approve the release of any funds for the purpose of funding general operating activities.

	<b>March 31, 2019</b>	December 31, 2017
Balance - beginning of period	\$ 16,850	\$ 16,748
Interest	170	102
	<u>\$ 17,020</u>	<u>\$ 16,850</u>

#### 5. Deferred Revenue

New Deals Gas tax funding	\$ 341,310	\$ 266,797
Advertising	1,800	-
	<u>\$ 343,110</u>	<u>\$ 266,797</u>

During the period, the Resort was allocated \$100,000 under the New Deal Gas Tax Funding for Incorporated Communities and the New Deal for Cities & Communities and earned interest of \$2,484. Funds expended from gas tax totalled \$27,971. The Resort must use their allocation of the New Deal Gas Tax funds and New Deal for Cities & Communities for eligible infrastructure and capacity building projects.

The Resort has prepared, and the government regulating body has accepted, a Capital Investment Plan which details determined expenditures.

#### 6. Long Term Debt

	<b>March 31, 2019</b>	December 31, 2017
Canada Mortgage and Housing Corporation - 4.15%; repayable in blended annual installments of \$35,169; due May 1, 2025.	<u>\$ 209,925</u>	<u>\$ 235,328</u>

The Canada Mortgage and Housing Corporation loan has been obtained on behalf of the Cavendish Sewer Utility for the purpose of financing tangible capital assets. The Cavendish Sewer Utility has assumed responsibility for servicing all future debt repayments.

Principal portion of long term debt is scheduled to be repaid over the next five years as follows:

2020	\$ 26,458
2021	27,556
2022	28,699
2023	29,890
2024	31,131

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

**7. Lease Commitments**

The Municipality has entered into a lease agreement with the Department of Transportation and Public Works for the lease of office space. The lease is due to expire February 28, 2020 and will be renewed for another five year term at an annual fixed rate of \$7,247.

The Municipality has entered into a lease agreement with RCAP leasing for the lease of a photocopier. The lease payments due over the next three years are as follows:

2020	\$ 1,610
2021	1,610
2022	1,208

**8. Accumulated Surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>March 31, 2019</b>	December 31, 2017
Unrestricted surplus	<b>\$ 473,096</b>	\$ 318,219
Restricted surplus		
Recreation fund - Note 3	<b>40,472</b>	37,283
Contingency fund - Note 4	<b>17,020</b>	16,850
Investment in tangible capital assets	<b>688,218</b>	423,004
	<b><u>\$ 1,218,806</u></b>	<b><u>\$ 795,356</u></b>

**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO  
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS  
15 MONTHS ENDED MARCH 31, 2019**

**9. Government Transfers**

**Government Transfers for Capital**

	<b>March 31, 2019</b>	December 31, 2017
ACOA	\$ 301,257	\$ -
PEI Department of Rural and Regional Development	72,000	-
Municipal Capital Expenditures Grant	27,518	7,427
Tourism PEI	25,000	-
Innovation PEI	8,000	-
New Deals Gas Tax	-	177,072
	<u>\$ 433,775</u>	<u>\$ 184,499</u>

**Government Transfers for Operations**

ACOA	\$ -	\$ 59,782
Innovation PEI	-	19,908
	<u>\$ -</u>	<u>\$ 79,690</u>

**10. Related Party Transactions**

During the period, \$23,110 (2017 - \$20,480) in administrative services revenue was received from, and frontage charges of \$299 (2017 - \$299) were paid to Cavendish Sewer Utility, a related party.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.



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**RESORT MUNICIPALITY OF STANLEY BRIDGE, HOPE RIVER, BAYVIEW, CAVENDISH  
AND NORTH RUSTICO**  
**NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**15 MONTHS ENDED MARCH 31, 2019**

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**11. Financial Instruments**

The Municipality's financial instruments consist of cash and cash equivalents, accounts receivable, funds held in trust, amount due from Cavendish Sewer Utility, accounts payable and accrued liabilities, security deposit and long term debt.

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality's risk exposure and concentration as of March 31, 2019.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Municipality has a significant number of customers which minimizes concentration of credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its receipt of funds, long term debt and accounts payable.

**12. Budget Figures**

A reconciliation of the 2019 fiscal operating budget prepared by Council to the budget figures disclosed in the non-consolidated financial statements is as follows:

Resort Municipality budgeted annual surplus	\$ -
CMHC sewer loan payments	-
Add: Capital expenditures	70,200
Less: Surplus carry-forward	<u>(82,470)</u>
	<u>\$ (12,270)</u>

The budget figures presented on Statements 3 and 4 of the non-consolidated financial statements were not subject to review or audit by the external auditor.

**13. Comparative Figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

