

## THE ELLIOT LAKE COMMISSION OF INQUIRY

### SUPPLEMENTAL MOTION RECORD - FUNDING

Ontario Building Officials Association

October 17, 2012

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**Commissioner**  
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AND TO: **BORDEN LADNER GERVAIS LLP**  
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Commission Counsel

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## THE ELLIOT LAKE COMMISSION OF INQUIRY

### SUPPLEMENTAL NOTICE OF MOTION - FUNDING

TAKE NOTICE that the Ontario Building Officials Association (the "Moving Party" or "OBOA") hereby makes a supplemental motion to The Elliot Lake Commission of Inquiry (the "Commission" or "Inquiry") for funding to participate at the Inquiry.

AND TAKE NOTICE that the Moving Party may request the opportunity to make oral submissions in support of this Motion.

#### RELIEF REQUESTED:

1. A Recommendation by the Commissioner that the Moving Party receive funding to fully participate in that portion of the Inquiry considering the Commission's mandate as set out in section 2 b. of the *Terms of Reference* [Order in Council 1097/2012]:

"Review relevant legislation, regulations and by-laws and relevant policies, processes and procedures of provincial and municipal governments and other parties with respect to the structural integrity and safety of the Algo Centre Mall in Elliot Lake, Ontario".

2. Such further and other relief as counsel may advise and the Commission may grant.

#### THE GROUNDS FOR THE MOTION ARE:

3. This supplemental motion for funding is to be read in conjunction with the grounds raised in the OBOA's motions for standing and funding already filed at this Inquiry. This motion will not repeat but relies upon those grounds.
4. The OBOA's three most recent audited annual financial statements disclose the financial standing of the Moving Party.

5. The use of certain OBOA's reserve funds are restricted to the purposes for which same were established. All reserve funds address a corporate objective of the OBOA.
6. The Commission's *Terms of Reference* [Order in Council 1097/2012].
7. The Commission's *Revised Rules of Standing and Funding*.
8. The Commission's *Rules of Procedure and Procedural Order No. 1*;
9. *Public Inquiries Act, 2009*, S.O. 2009, c. 33, Schedule 6, ss. 15 & 25.
10. Such further and other grounds as counsel may advise and the Commission may consider.

**THE FOLLOWING DOCUMENTS WILL BE USED AT THE HEARING OF THE MOTION:**

11. The Affidavit of Ronald M. Kolbe, sworn October 17, 2012.
12. Such further and other evidence as counsel may advise and the Commission may deem just.

October 17, 2012

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**Commissioner**  
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Commission Counsel

## THE ELLIOT LAKE COMMISSION OF INQUIRY

### SUPPLEMENTAL AFFIDAVIT OF RONALD M. KOLBE

#### [OBOA FUNDING]

I, Ronald M. Kolbe, of the Township of Oro-Medonte, in the County of Simcoe, MAKE OATH AND SAY AS FOLLOWS:

1. I am the Chief Administrative Officer of the Ontario Building Officials Association (the "OBOA" and "Association").
2. Attached hereto and marked respectively as Exhibits "A", "B" and "C" are the 2011, 2010 and 2009 audited OBOA annual financial statements which disclose the financial standing of the Association.
3. The following is to be noted respecting the currently established reserve funds, each of which address a corporate objective of the OBOA:

(i) *Self-Management Reserve Fund*

The self-management reserve fund was established to help forward the objective of self-management of the Association.

(ii) *Training Reserve Fund*

The Training reserve fund was established for new training initiatives or to help meet the needs that may arise from changes in the delivery of training from third parties.

(iii) *Invested in Property and Equipment*

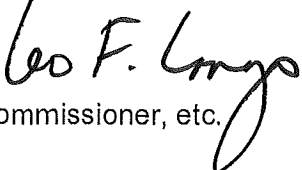
The amount invested in property and equipment represents that portion of net assets that is not available to the Association for other purposes.

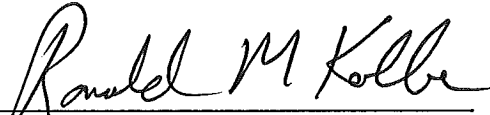
(i) *Bursary Fund*



The Bursary fund was established to support students with financial aid from the Association.

- 4. The use of each of these reserve funds requires authorization of the Board of Directors.

SWORN BEFORE ME at the )  
City of Toronto, in the Province )  
of Ontario, this 17<sup>th</sup> day of )  
October, 2012. )  
 )  
A Commissioner, etc. )

  
\_\_\_\_\_  
Ronald M. Kolbe



This is Exhibit..... A ..... referred to  
 affidavit of..... RONALD M KOLBE .....  
 Sworn before me, this..... 17<sup>TH</sup> .....  
 day of..... OCTOBER ..... 2012 .....  
 ..... Leo F. Longo .....  
 ..... A COMMISSIONER FOR TAKING AFFIDAVITS

37 Main Street  
 Toronto, Ontario M4E 2V5  
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 www.krienslarose.com

## INDEPENDENT AUDITORS' REPORT

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To the Members of  
**Ontario Building Officials Association**

### Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Building Officials Association, which comprise the statement of financial position as at December 31, 2011, and the statement of net assets, statement of operations and statement of cash flows for the year then ended, 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 generally accepted accounting principles, 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.



**INDEPENDENT AUDITORS' REPORT (Continued)**

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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 Ontario Building Officials Association as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KRIENS~LAROSE, LLP

A handwritten signature in black ink that reads 'Kriens - Larose, LLP'.

Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 15, 2012

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT DECEMBER 31, 2011

	2011 \$	2010 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 6)	216,205	196,338
Accounts receivable	55,582	40,763
Prepaid expenses	21,935	27,684
HST receivable	-	3,778
Investments (Note 2)	551,571	109,286
	845,293	377,849
<b>INVESTMENTS (Note 2)</b>	225,700	310,003
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	493,630	519,620
	1,564,623	1,207,472
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Government remittances payable	34,710	9,323
Accounts payable and accrued liabilities	49,739	49,467
Deferred revenue (Note 4)	284,564	229,734
	369,013	288,524
<b>NET ASSETS</b>		
Unrestricted net assets	(217,529)	(243,519)
Self management reserve fund (Note 5)	296,680	296,680
Training reserve fund (Note 5)	553,829	337,167
Invested in property and equipment (Note 5)	493,630	519,620
Bursary fund (Note 5)	9,000	9,000
Annual meeting and training sessions reserve (Note 5)	10,000	-
Strategic plan reserve (Note 5)	50,000	-
	1,195,610	918,948
	1,564,623	1,207,472

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director \_\_\_\_\_, Director

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
 STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted Net Assets	Self Management Reserve	Training Reserve Fund	Invested in Property and Equipment	Bursary Fund	Annual Meeting and Training Sessions Reserve	Strategic Plan Reserve	Total 2011	Total 2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(243,519)	296,680	337,167	519,620	9,000	-	-	918,948	899,861
Excess (deficiency) of revenues over expenses for the year	-	-	216,662	-	-	10,000	50,000	276,662	19,087
Purchase of equipment	(11,851)	-	-	11,851	-	-	-	-	-
Amortization	37,841	-	-	(37,841)	-	-	-	-	-
Balance, end of year	(217,529)	296,680	553,829	493,630	9,000	10,000	50,000	1,195,610	918,948

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	\$	\$
<b>REVENUES</b>		
Training	683,834	551,881
Membership dues	472,116	290,575
Annual general meeting	380,991	404,529
Goods and services	65,727	75,237
Skills Training Fund (Note 6)	52,641	62,968
Other income	12,375	10,363
Investment income	8,761	12,977
	1,676,445	1,408,530
<b>EXPENSES</b>		
Wages and benefits	357,531	334,722
Annual general meeting	322,701	375,866
Training and facilitator fees	220,514	204,689
Administrative and finance	96,929	104,422
Board and Committee	92,081	61,367
Communication	75,544	73,769
Royalties	66,260	69,880
Skills Training Fund (Note 6)	52,641	62,968
Occupancy	42,997	37,060
Amortization	37,841	40,087
Professional fees	33,494	21,704
Bursary	1,250	1,250
Cost of product sales	-	1,659
	1,399,783	1,389,443
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>276,662</b>	<b>19,087</b>

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from training	748,552	615,560
Cash receipts from annual general meeting	381,126	400,476
Cash receipts from membership dues	552,556	315,083
Other cash receipts	78,102	85,600
Interest received	8,761	12,977
Skills Training funding received	-	80,000
Cash paid to suppliers and employees	(1,326,756)	(1,320,228)
Skills Training Fund expenditures	(52,641)	(62,969)
	389,700	126,499
<b>CASH FROM INVESTING ACTIVITIES</b>		
Investments	(357,982)	27,685
Purchase of equipment	(11,851)	(9,444)
	(369,833)	18,241
Change in cash	19,867	144,740
Cash, beginning of year	196,338	51,598
Cash, end of year	216,205	196,338

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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**PURPOSE OF THE ORGANIZATION**

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The Association, established in 1956, is a self governing, not for profit volunteer organization committed to maintaining a high degree of professionalism in the field of building inspection, code administration and building safety. The training and education services offered by the Association promote both uniform regulations and code interpretations across the Province.

The Association is incorporated as a not for profit organization without share capital under Part II of the Canada Corporation Act and is subject to the regulations set in Bill Pr40 passed by the provincial legislature December 10, 1992.

The Association is a not for profit entity under the Income Tax Act (Canada) and as such, is exempt from income taxes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Association are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

**Financial Instruments**

Investments are classified as held-for-trading and stated at fair value. Accounts receivable is classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost.

The fair values of investments are estimated as the aggregate of cost and accrued interest which is the best estimate of fair value given the nature of investments. The fair values of other financial assets and liabilities, being accounts receivables, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

The Association has elected to continue to apply The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in these financial statements instead of Sections 3862 and 3863 (which replaces section 3861 with revisions and enhancements to disclosure requirements), as permitted under the transition rules for not-for-profit organizations in these standards.

Continued...



ONTARIO BUILDING OFFICIALS ASSOCIATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**Prepaid Expenses**

Prepaid expenses represent assets that are capable of being separated or divided from the organization and sold, transferred, licensed, rented, or exchanged either individually or together with a related asset.

**Property and Equipment and Amortization**

Property and equipment is stated at acquisition cost. Amortization is provided on a diminishing balance basis at the following annual rates:

Condominium	5%
Computer equipment	30%
Office furniture	20%

**Long Lived Assets**

Equipment is recorded at cost less accumulated amortization. If circumstances indicate that its carrying value may not be recoverable, recoverability is tested by comparing the sum of the estimated undiscounted future cash flows from operations and expected residual value with the carrying value. If the sum is less than the carrying value of a particular asset, an impairment loss is recognized. As at December 31, 2011, there were no known circumstances that would indicate that the carrying value of the equipment may not be recoverable.

**Revenue Recognition**

The Association follows the deferral method of accounting contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

**Donated Property and Services**

During the year, voluntary services were provided. Because these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Continued...

ONTARIO BUILDING OFFICIALS ASSOCIATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2011

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Future Accounting Changes

In December 2010, the Accounting Standards Board approved a new set of accounting standards developed specifically for not for profit organizations. These standards are effective for fiscal years commencing on or after January 1, 2012 and will be applied retrospectively. The Association will adopt these new standards for the fiscal year ended December 31, 2012.

2. **INVESTMENTS**

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Investments consist of the following:

	2011 \$	2010 \$
Guaranteed Investment Certificates, 1.0% to 2.25%, maturing March 8, 2012.	644,661	-
Guaranteed Investment Certificate, 1.3%, maturing December 9, 2013, held as collateral for the Association's pension fund	21,950	21,001
Guaranteed Investment Certificates, 1.0% to 4.0%, maturing December 12, 2011 to March 8, 2012	-	289,002
ING Bank savings account	110,660	109,286
	<hr/> 777,271	<hr/> 419,289
Current portion	551,571	109,286
	<hr/> 225,700	<hr/> 310,003

Continued...

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**3. PROPERTY AND EQUIPMENT**

	2011		2010	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Condominium	611,651	162,030	611,651	138,366
Computer equipment	111,702	93,925	106,432	86,306
Office furniture	144,660	118,428	138,080	111,871
	868,013	374,383	856,163	336,543
Less accumulated amortization	374,383		336,543	
	493,630		519,620	

**4. DEFERRED REVENUE**

The deferred revenue consist of the following amounts received for the next fiscal year:

Membership fees	194,685	99,425
Training fees	49,442	36,266
Annual general meeting	36,072	37,037
Skills Training (Note 6)	4,365	57,006
	284,564	229,734

Continued...

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2011

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**5. NET ASSETS**

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**Self Management Reserve Fund**

The Self management reserve fund was established to help forward the objective of self-management of the Association.

**Training Reserve Fund**

The Training reserve fund was established for new training initiatives or to help meet the needs that may arise from changes in the delivery of training from third parties.

**Invested in Property and Equipment**

The amount invested in property and equipment represents that portion of net assets that is not available to the association for other purposes.

**Bursary Fund**

The Bursary fund was established to support students with financial aid from the Association

**Annual Meeting and Training Sessions Reserve**

The Annual Meeting and Training Sessions fund was established to provide financial assistance, if required, for the AMTS.

**Strategic Plan Reserve**

The strategic plan reserve fund was established for any strategic plan initiatives.

The use of each of the funds require authorization of the Board of Directors.

**6. SKILLS TRAINING FUND**

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During the 2007 fiscal year the Association received \$250,000 from The Minister of Municipal Affairs and Housing under an agreement dated March 19, 2007. An additional \$80,000 was received from The Minister of Municipal Affairs and Housing in the 2010 fiscal period. The funds are to be used to develop an energy efficient building skills training program. Interest earned on the fund investments are allocated to the fund. \$4,365 (2010: \$57,006) of the year-end cash is restricted for the use of the Fund. The fund assets have been recorded as follows:

Continued...

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2011

**6. SKILLS TRAINING FUND (Continued)**

	2011	2010
	\$	\$
Balance beginning of year	57,006	39,974
Funds received	-	80,000
Fund expenses	(52,641)	(62,968)
	4,365	57,006

**7. FINANCIAL INSTRUMENTS**

**Fair value of financial instruments carried at amortized cost**

The carrying value of cash, accounts receivable, accounts payable and deferred revenue approximate the fair value due to the immediate or short-term nature of these financial instruments.

**Credit Risk**

The Association has accounts receivable from various members. In order to reduce its credit risk, the Association has adopted credit policies which include the regular review of outstanding accounts receivables. The Association does not have a significant exposure to any individual member.

**Liquidity Risk**

Liquidity risk is the risk the Association may not be able to meet its obligations. The organization has a plan in place to meet its obligations as they come due, primarily from internally restricted and unrestricted reserves funded through short term investments.

**Market Risk**

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Association to a risk of loss. The Association's market risk is nominal as the invest in guaranteed investment certificates.

Continued...

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

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**7. FINANCIAL INSTRUMENTS (Continued)**

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**Interest Rate Risk**

The value of the fixed income securities will generally rise if the prevailing interest rates fall and fall if the prevailing interest rates rise. The Association's interest rate is nominal as the invest in guaranteed investment certificates.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. No currency risk exists as there were no foreign currency transactions during the year.

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management believes no other price risk factors exist.

**8. GUARANTEES**

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In the normal course of business, the Association entered into an insurance agreement that meets the definition of a guarantee. The Association has directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions.

**9. CAPITAL MANAGEMENT**

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The Association defines capital as its unrestricted net assets, net assets invested in property and equipment, internally restricted net assets and externally restricted net assets.

The Association's objective of managing the unrestricted net assets is to balance the need for stability of operations as a going concern with a desire to maximize services and benefits provided to members.

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2011

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**9. CAPITAL MANAGEMENT (Continued)**

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For funding used for special purpose as approved by the Board, the Association segregates a portion of the unrestricted net assets as internally restricted net assets. The expenditures from the internally restricted net assets require approval from the Board of Directors.

The Association's objective of managing the externally restricted net assets is to ensure that the funding received is to be used for the specific purpose as outlined in the agreement between the Association and the funding grantor, which is disclosed in Note 6.



This is Exhibit.....*B*..... referred to  
 affidavit of.....*RONALD M KOLBE*.....  
 Sworn before me, this.....*17TH*.....  
 day of.....*OCTOBER*.....*20.12*.....  
*Leo F. Longo*  
 A COMMISSIONER FOR TAKING AFFIDAVITS

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
**Ontario Building Officials Association**

Ontario Building Officials Association, which comprise the statement of financial position as at December 31, 2010, and the statement of net assets, statement of operations and statement of cash flows for the year then ended, 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 generally accepted accounting principles, 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.



**INDEPENDENT AUDITORS' REPORT (Continued)**

---

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Building Officials Association as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**KRIENS~LAROSE, LLP**



**Chartered Accountants  
Licensed Public Accountants**

Toronto, Ontario  
June 15, 2011

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT DECEMBER 31, 2010

	2010	2009
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 7)	196,338	51,598
Accounts receivable	40,763	43,941
Prepaid expenses	27,684	44,690
HST receivable	3,778	9,395
Short term investments (Note 3)	130,287	426,782
	398,850	576,406
<b>INVESTMENT</b> (Note 3)	289,002	20,192
<b>PROPERTY AND EQUIPMENT</b> (Note 4)	519,620	550,263
	1,207,472	1,146,861
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Government remittances payable	9,323	9,884
Accounts payable and accrued liabilities	49,467	42,401
Deferred revenue (Note 5)	229,734	194,715
	288,524	247,000
<b>NET ASSETS</b>		
Unrestricted net assets	(243,519)	(293,616)
Self management reserve fund (Note 6)	296,680	297,047
Training reserve fund (Note 6)	337,167	337,167
Invested in property and equipment (Note 6)	519,620	550,263
Bursary fund (Note 6)	9,000	9,000
	918,948	899,861
	1,207,472	1,146,861

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_, Director \_\_\_\_\_, Director

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF NET ASSETS**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted Net Assets	Self Management Reserve	Training Reserve Fund	Invested in Property and Equipment	Bursary Fund	Total 2010	Total 2009
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(293,616)	297,047	337,167	550,263	9,000	899,861	1,110,967
Excess (deficiency) of revenues over expenses for the year	19,454	(367)	-	-	-	19,087	(211,106)
Purchase of equipment	(9,444)	-	-	9,444	-	-	-
Amortization	40,087	-	-	(40,087)	-	-	-
Balance, end of year	(243,519)	296,680	337,167	519,620	9,000	918,948	899,861

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
<b>REVENUES</b>		
Training	551,881	551,985
Annual general meeting	404,529	376,927
Membership dues	290,575	285,125
Goods and services	75,237	23,134
Skills Training Fund (Note 7)	62,968	17,688
Investment income	12,977	17,446
Other income	10,363	8,314
	1,408,530	1,280,619
<b>EXPENSES</b>		
Annual general meeting	375,866	329,056
Wages and benefits	334,722	332,508
Training and facilitator fees	204,689	230,587
Administrative and finance	104,422	101,602
Communication	73,769	81,473
Royalties	69,880	70,505
Skills Training Fund (Note 7)	62,968	17,688
Board and Committee	61,367	142,234
Occupancy	37,060	39,294
Professional fees	21,704	66,951
Cost of product sales	1,659	10,793
Bursary	1,250	1,250
CCH Guide	-	25,000
Amortization	40,087	42,784
	1,389,443	1,491,725
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>19,087</b>	<b>(211,106)</b>

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from training	615,560	551,980
Cash receipts from annual general meeting	400,476	386,691
Cash receipts from membership dues	315,083	253,227
Other cash receipts	85,600	31,448
Interest received	12,977	10,240
Skills Training funding received	80,000	-
Cash paid to suppliers and employees	(1,320,228)	(1,484,469)
Skills Training Fund expenditures	(62,969)	(17,688)
	126,499	(268,571)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Investments	27,685	213,188
Purchase of equipment	(9,444)	(6,636)
	18,241	206,552
Change in cash	144,740	(62,019)
Cash, beginning of year	51,598	113,617
Cash, end of year	196,338	51,598

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

---

**1. PURPOSE OF THE ORGANIZATION**

---

The Association, established in 1956, is a self governing, not for profit volunteer organization committed to maintaining a high degree of professionalism in the field of building inspection, code administration and building safety. The training and education services offered by the Association promote both uniform regulations and code interpretations across the Province.

The Association is incorporated as a not for profit organization without share capital under Part II of the Canada Corporation Act and is subject to the regulations set in Bill Pr40 passed by the provincial legislature December 10, 1992.

The Association is a not for profit entity under the Income Tax Act (Canada) and as such, is exempt from income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The accounting policies of the Association are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

**Financial Instruments**

Investments are classified as held-for-trading and stated at fair value. Accounts receivable is classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost.

The fair values of investments are estimated as the aggregate of cost and accrued interest which is the best estimate of fair value given the nature of investments. The fair values of other financial assets and liabilities, being accounts receivables, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

The Association has elected to continue to apply The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in these financial statements instead of Sections 3862 and 3863 (which replaces section 3861 with revisions and enhancements to disclosure requirements), as permitted under the transition rules for not-for-profit organizations in these standards.

Continued...

ONTARIO BUILDING OFFICIALS ASSOCIATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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Prepaid Expenses

Prepaid expenses represent assets that are capable of being separated or divided from the organization and sold, transferred, licensed, rented, or exchanged either individually or together with a related asset.

Property and Equipment and Amortization

Property and equipment is stated at acquisition cost. Amortization is provided on a straight-line basis at the following annual rates:

Condominium	5%
Computer equipment	30%
Office furniture	20%

Long Lived Assets

Equipment is recorded at cost less accumulated amortization. If circumstances indicate that its carrying value may not be recoverable, recoverability is tested by comparing the sum of the estimated undiscounted future cash flows from operations and expected residual value with the carrying value. If the sum is less than the carrying value of a particular asset, an impairment loss is recognized. As at December 31, 2010, there were no known circumstances that would indicate that the carrying value of the equipment may not be recoverable.

Revenue Recognition

The Association follows the deferral method of accounting contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Continued...

ONTARIO BUILDING OFFICIALS ASSOCIATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2010

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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Future Accounting Changes

In December 2010, the Accounting Standards Board approved a new set of accounting standards developed specifically for not for profit organizations. These standards are effective for fiscal years commencing on or after January 1, 2012 and will be applied retrospectively. The Association will adopt these new standards for the fiscal year ended December 31, 2012.

**3. INVESTMENTS**

---

Investments consist of the following:

	2010 \$	2009 \$
Guaranteed Investment Certificate, 4.2%, maturing December 8, 2011	21,001	20,192
Guaranteed Investment Certificate, 2.5%, maturing June 7, 2012	289,002	-
ING Bank savings account	109,286	108,080
Guaranteed Investment Certificate, 4.1%, maturing June 7, 2010	-	318,702
	<hr/> 419,289	<hr/> 446,974
Current portion	130,287	426,782
	<hr/> 289,002	<hr/> 20,192

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The guaranteed investment certificate of \$21,001 is held as collateral for the Association's pension fund.

Continued...



**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2010

**4. PROPERTY AND EQUIPMENT**

	2010		2009	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Condominium	611,651	138,366	611,651	113,456
Computer equipment	106,432	86,306	97,542	77,680
Office furniture	138,080	111,871	137,525	105,319
	856,163	336,543	846,718	296,455
Less accumulated amortization	336,543		296,455	
	519,620		550,263	

**5. DEFERRED REVENUE**

The deferred revenue consist of the following amounts received for the next fiscal year:

Membership fees	99,425	78,095
Training fees	36,266	40,910
Annual general meeting	37,037	35,735
Skills Training (Note 7)	57,006	39,975
	229,734	194,715

Continued...

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 DECEMBER 31, 2010

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**6. NET ASSETS**

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**Self Management Reserve Fund**

The Self management reserve fund was established to help forward the objective of self-management of the Association.

**Training Reserve Fund**

The Training reserve fund was established for new training initiatives or to help meet the needs that may arise from changes in the delivery of training from third parties.

**Invested in Property and Equipment**

The amount invested in property and equipment represents that portion of net assets that is not available to the association for other purposes.

**Bursary Fund**

The Bursary fund was established to support students with financial aid from the Association

The use of each of the funds require authorization of the Board of Directors.

**7. SKILLS TRAINING FUND**

---

During the 2007 fiscal year the Association received \$250,000 from The Minister of Municipal Affairs and Housing under an agreement dated March 19, 2007. An additional \$80,000 was received from The Minister of Municipal Affairs and Housing in the 2010 fiscal period. The funds are to be used to develop an energy efficient building skills training program. Interest earned on the fund investments are allocated to the fund. \$57,006 (2009: \$39,975) of the year-end cash is restricted for the use of the Fund. The fund assets have been recorded as follows:

	2010	2009
	\$	\$
Balance beginning of year	39,975	57,663
Funds received	80,000	-
Fund expenses	(62,969)	(17,688)
	<hr/> 57,006	<hr/> 39,975

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Continued...

**ONTARIO BUILDING OFFICIALS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

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**8. DONATED PROPERTY AND SERVICES**

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During the year, voluntary services were provided. Because these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

**9. FINANCIAL INSTRUMENTS**

---

**Credit Risk**

The Association has accounts receivable from various members. In order to reduce its credit risk, the Association has adopted credit policies which include the regular review of outstanding accounts receivables. The Association does not have a significant exposure to any individual member.

**Investment risk management**

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk. The Association mitigates these risks with an investment portfolio designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

**Interest Rate Risk**

The value of the fixed income securities will generally rise if the prevailing interest rates fall and fall if the prevailing interest rates rise. The Association actively manages the risk by limiting the maturity of investments.

**10. GUARANTEES**

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In the normal course of business, the Association entered into an insurance agreement that meets the definition of a guarantee. The Association has directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions.

An indemnity has been provided to all directors and/or officers of the Association for various items including, but not limited, all costs to settle suits or actions due to their involvement with the Association, subject to certain restrictions.

Continued...

ONTARIO BUILDING OFFICIALS ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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11. CAPITAL MANAGEMENT

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The Association defines capital as its unrestricted net assets, net assets invested in property and equipment, internally restricted net assets and externally restricted net assets.

The Association's objective of managing the unrestricted net assets is to balance the need for stability of operations as a going concern with a desire to maximize services and benefits provided to members.

The Association manages the unrestricted net assets in a way to meet its objectives. The Association endeavours to stabilize its revenue sources and places control over the efficient use of revenue.

For funding used for special purpose as approved by the Board, the Association segregates a portion of the unrestricted net assets as internally restricted net assets. The expenditures from the internally restricted net assets require approval from the Board of Directors.

The Association's objective of managing the externally restricted net assets is to ensure that the funding received is to be used for the specific purpose as outlined in the agreement between the Association and the funding grantor, which is disclosed in Note 7.

The Association manages the externally restricted net assets in a way to meet its objectives. The Association places control over the usage of the funding received to ensure that the funding is used for the specific purpose. The expenditures from the externally restricted net assets require approval from the Board of Directors.



37 Main Street  
 Toronto, Ontario M4E 2V5  
 Tel. 416-690-6800  
 Fax. 416-690-9919  
 Web Page:  
 www.krienslarose.com

April 14, 2010

Mr. Ronald M. Kolbe, CBCO  
 Chief Administrative Officer  
 Ontario Building Officials Association  
 200 MaryCroft Avenue, Unit 8  
 Woodbridge, Ontario  
 L4L 5X4

*This is Exhibit.....<sup>C</sup>..... referred to  
 affidavit of... RONALD M KOLBE  
 Sworn before me, this... 17<sup>TH</sup>  
 day of... OCTOBER..... 2012  
 Leo F. Longo  
 A COMMISSIONER FOR TAKING AFFIDAVITS*

Dear Ronald:

**RE: DECEMBER 31, 2009 YEAR-END**

In connection with the above noted, we enclose the following:

- Three bound and one unstapled copy of the December 31, 2009 year-end financial statements.
- Original and one copy of the T2-2009 Combined Federal and Provincial Corporation Income Tax Return and the Non-profit Organization (NPO) Information Return (form T1044) together with related enclosures. Please signed the return where indicated and mailed in the enclosed envelope. **Please note that the income tax return is required to be filed by June 30, 2010.**

Yours truly,

Kriens~LaRose, LLP

Thomas Kriens, C.A.



37 Main Street  
Toronto, Ontario M4E 2V5

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**ONTARIO BUILDING OFFICIALS ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

ONTARIO BUILDING OFFICIALS ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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Page 1

## AUDITORS' REPORT

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To the Members of  
**Ontario Building Officials Association**

We have audited the statement of financial position of Ontario Building Officials Association as at December 31, 2009 and the statements of net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KRIENS-LAROSE, LLP



Chartered Accountants  
Licensed Public Accountants

Toronto, Ontario  
February 5, 2010



ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT DECEMBER 31, 2009

	2009	2008
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 8)	51,598	113,617
Accounts receivable	43,941	24,198
Prepaid expenses	44,690	13,462
Short term investments (Note 4)	426,782	252,606
	567,011	403,883
<b>INVESTMENT (Note 4)</b>	20,192	400,350
<b>PROPERTY AND EQUIPMENT (Note 5)</b>	550,263	586,411
	1,137,466	1,390,644
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	42,890	64,878
Deferred revenue (Note 6)	194,715	214,799
	237,605	279,677
<b>NET ASSETS</b>		
Unrestricted net assets	(293,616)	(141,857)
Self management reserve fund (Note 7)	297,047	320,246
Training reserve fund (Note 7)	337,167	337,167
Invested in property and equipment (Note 7)	550,263	586,411
Bursary fund (Note 7)	9,000	9,000
	899,861	1,110,967
	1,137,466	1,390,644

APPROVED ON BEHALF OF THE BOARD:

Dean Dindley, Director K. A. S., Director

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF NET ASSETS**  
 FOR THE YEAR ENDED DECEMBER 31, 2009

Page 3

	Unrestricted Net Assets	Self Management Reserve	Training Reserve Fund	Invested in Property and Equipment	Bursary Fund	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	(141,857)	320,246	337,167	586,411	9,000	1,110,967	1,203,440
Excess (deficiency) of revenues over expenses for the year	(187,907)	(23,199)	-	-	-	(211,106)	(92,473)
Purchase of equipment	(6,636)	-	-	6,636	-	-	-
Amortization	42,784	-	-	(42,784)	-	-	-
Balance, end of year	(293,616)	297,047	337,167	550,263	9,000	899,861	1,110,967

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED DECEMBER 31, 2009

Page 4

	2009	2008
	\$	\$
<b>REVENUES</b>		
Training	551,985	566,594
Annual general meeting	376,927	304,750
Membership dues	285,125	253,220
Goods and services	23,134	42,842
Skills Training Fund (Note 8)	17,688	172,538
Investment income	17,446	22,131
Other income	8,314	5,609
	1,280,619	1,367,684
<b>EXPENSES</b>		
Wages and benefits	332,508	321,853
Annual general meeting	329,056	220,310
Training and facilitator fees	230,587	217,051
Board and Committee	142,234	133,939
Administrative and finance	101,602	88,127
Communication	81,473	76,239
Royalties and initiatives	70,505	67,620
Professional fees	66,951	70,859
Occupancy costs	39,294	39,192
CCH Guide	25,000	-
Skills Training Fund (Note 8)	17,688	172,538
Cost of product sales	10,793	4,060
Bursary	1,250	1,250
Amortization	42,784	47,119
	1,491,725	1,460,157
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>(211,106)</b>	<b>(92,473)</b>

See accompanying notes to the financial statements

ONTARIO BUILDING OFFICIALS ASSOCIATION  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2009

Page 5

	2009	2008
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Cash receipts from training	551,980	559,294
Cash receipts from annual general meeting	386,691	302,231
Cash receipts from members dues	253,227	262,449
Other cash receipts	31,448	48,451
Interest received	10,240	18,606
Cash paid to suppliers and employees	(1,502,157)	(1,402,118)
	(268,571)	(211,087)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Investments	213,188	235,956
Purchase of equipment	(6,636)	(15,624)
	206,552	220,332
Change in cash	(62,019)	9,245
Cash, beginning of year	113,617	104,372
Cash, end of year	51,598	113,617

See accompanying notes to the financial statements

---

## 1. PURPOSE OF THE ORGANIZATION

---

The Association, established in 1956, is a self governing, not for profit volunteer organization committed to maintaining a high degree of professionalism in the field of building inspection, code administration and building safety. The training and education services offered by the Association promote both uniform regulations and code interpretations across the Province.

The Association is incorporated as a not for profit organization without share capital under Part II of the Canada Corporation Act and is subject to the regulations set in Bill Pr40 passed by the provincial legislature December 10, 1992.

The Association is a not for profit entity under the Income Tax Act (Canada) and as such, is exempt from income taxes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The accounting policies of the Association are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

### Financial Instruments:

Investments are classified as held-for-trading and stated at fair value. Accounts receivable is classified as loans and receivables and measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost.

The fair values of investments are estimated as the aggregate of cost and accrued interest which is the best estimate of fair value given the nature of investments. The fair values of other financial assets and liabilities, being accounts receivables, accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments.

The Association has elected to continue to apply The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation, in these financial statements instead of Sections 3862 and 3863 (which replaces section 3861 with revisions and enhancements to disclosure requirements), as permitted under the transition rules for not-for-profit organizations in these standards.

Continued...

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

---

Property and Equipment and Amortization:

Property and equipment is stated at acquisition cost. Amortization is provided on a straight-line basis at the following annual rates:

Condominium	5%
Computer equipment	30%
Office furniture	20%

Long Lived Assets:

Equipment is recorded at cost less accumulated amortization. If circumstances indicate that its carrying value may not be recoverable, recoverability is tested by comparing the sum of the estimated undiscounted future cash flows from operations and expected residual value with the carrying value. If the sum is less than the carrying value of a particular asset, an impairment loss is recognized. As at December 31, 2009, there were no known circumstances that would indicate that the carrying value of the equipment may not be recoverable.

Revenue Recognition:

The Association follows the deferral method of accounting contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

---

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

### Future Accounting Issues:

In December 2009, the Accounting Standards Board issued a new set of accounting standards developed specifically for Canadian private enterprises. These standards will be supplemented by specific guidance dealing with the unique circumstances of not-for-profit organizations. These standards are applicable for year-ends beginning on or after January 1, 2011.

The new standards better meet the needs of private enterprises and not for profit organizations. Not-for-profit organizations now have a choice, subject to a exposure draft to be issued in 2010 . For year-ends beginning on or after January 1, 2011 they can adopt either the new private enterprise standards supplemented for the unique circumstances of not-for-profit organizations or International Financial Reporting Standards. Not-for profit organizations can continue to use the existing Handbook until years beginning on or after January 1, 2011.

The Association will evaluate the options of the accounting standards and will make the choice once the evaluation on these standards is finalized.

## 3. CHANGE OF ACCOUNTING OF POLICIES

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### Capital Management

The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Association has included disclosures recommended by the new Handbook section in note 13 to these financial statements.

Continued...

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4. SHORT TERM INVESTMENTS

Short term investments consist of the following:

	2009	2008
	\$	\$
Guaranteed Investment Certificate, 4.1%, maturing June 7, 2010	318,702	306,150
Guaranteed Investment Certificate, 4.2% maturing December 8, 2011	20,192	19,388
Guaranteed Investment Certificate, 3.0%, maturing June 8, 2009	-	146,160
Guaranteed Investment Certificate, 4.0% maturing December 12, 2010	-	74,812
ING Bank savings account	108,080	106,446
	<hr/> 446,974	<hr/> 652,956
Current portion	426,782	252,606
	<hr/> 20,192	<hr/> 400,350

The guaranteed investment certificate of \$20,192 is held as collateral for the Association's pension fund.

The book value of the investments as at December 31, 2009 is \$446,974 (2008: \$652,956).

Continued..



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5. PROPERTY AND EQUIPMENT

	2009		2008	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Condominium	611,651	113,456	611,651	87,235
Computer equipment	97,542	77,680	91,688	69,168
Office furniture	137,525	105,319	136,742	97,267
	846,718	296,455	840,081	253,670
Less accumulated amortization	296,455		253,670	
	550,263		586,411	

6. DEFERRED REVENUE

The deferred revenue consist of the following amounts received for the next fiscal year:

Membership fees	78,095	90,250
Training fees	40,910	43,275
Annual general meeting	35,735	23,611
Skills Training (Note 8)	39,975	57,663
	194,715	214,799

Continued...

**7. NET ASSETS**

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**Self Management Reserve Fund**

The Self management reserve fund was established to help forward the objective of self-management of the Association.

**Training Reserve Fund**

The Training reserve fund was established for new training initiatives or to help meet the needs that may arise from changes in the delivery of training from third parties.

**Invested in Property and Equipment**

The amount invested in property and equipment represents that portion of net assets that is not available to the association for other purposes.

**Bursary Fund**

The Bursary fund was established to support students with financial aid from the Association

The use of each of the funds require authorization of the Board of Directors.

**8. SKILLS TRAINING FUND**

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During the 2007 fiscal year the Association received funding from The Minister of Municipal Affairs and Housing under an agreement dated March 19, 2007. The funds are to be used to develop an energy efficient building skills training program. The total funding received was \$250,000. Interest on the fund investments are allocated to the funds. \$39,975 (2008: 57,663) of the year-end cash is restricted for the use of the Fund.

The fund assets have been recorded as follows:

	2009	2008
	\$	\$
Balance beginning of year	57,663	225,416
Interest earned on the fund investments	-	4,785
Fund expenses	(17,688)	(172,538)
	<hr/> 39,975	<hr/> 57,663

Continued...

9. **LEASE COMMITMENTS**

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The Association is committed to minimum amount rentals under a lease for office equipment, which expires December 6, 2010. Minimum rental commitments remaining under this lease approximate \$5,400 which is all due in 2010.

10. **DONATED PROPERTY AND SERVICES**

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During the year, voluntary services were provided. Because these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

11. **FINANCIAL INSTRUMENTS**

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**Credit risk**

The Association has accounts receivable from various members. In order to reduce its credit risk, the Institute has adopted credit policies which include the regular review of outstanding accounts receivables. The Association does not have a significant exposure to any individual member.

**Investment risk management:**

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk. The Association mitigates these risks with an investment portfolio designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

*Interest rate risk*

The value of the fixed income securities will generally rise if the prevailing interest rates fall and fall if the prevailing interest rates rise. The Association actively manages the risk by limiting the maturity of investments to a one year period.

## 12. GUARANTEES

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In the normal course of business, the Association entered into an insurance agreement that meets the definition of a guarantee.

An indemnity has been provided to all directors and/or officers of the Association for various items including, but not limited, all costs to settle suits or actions due to their involvement with the Association, subject to certain restrictions. The Association has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Association. The maximum amount of any potential future payment cannot be reasonably estimated.

## 13. CAPITAL MANAGEMENT

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The Association defines capital as its unrestricted net assets, net assets invested in property and equipment, internally restricted net assets and externally restricted net assets.

The Association's total net assets are \$899,861 (2008: \$1,110,967), including -(\$293,616) (2008: -\$141,857) in unrestricted net assets, \$550,263 (2008: \$586,411) invested in property and equipment and \$643,214 (2008: \$666,413) in various internally restricted net assets as disclosed in note # 7.

The Association's objective of managing the unrestricted net assets is to balance the need for stability of operations as a going concern with a desire to maximize services and benefits provided to members.

The Association manages the unrestricted net assets in a way to meet its objectives. The Association endeavours to stabilize its revenue sources and places control over the efficient use of revenue.

For funding used for special purpose as approved by the Board, the Association segregates a portion of the unrestricted net assets as internally restricted net assets. The expenditures from the internally restricted net assets require approval from the Board of Directors.

13 CAPITAL MANAGEMENT (Continued)

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The Association's objective of managing the externally restricted net assets is to ensure that the funding received is to be used for the specific purpose as outlined in the agreement between the Association and the funding grantor, which is disclosed in Note 8.

The Association manages the externally restricted net assets in a way to meet its objectives. The Association places control over the usage of the funding received to ensure that the funding is used for the specific purpose. The expenditures from the externally restricted net assets require approval from the Board of Directors.

**THE ELLIOT LAKE  
COMMISSION OF INQUIRY**

**SUPPLEMENTAL AFFIDAVIT OF  
RONALD M. KOLBE  
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**THE ELLIOT LAKE  
COMMISSION OF INQUIRY**

**SUPPLEMENTAL MOTION RECORD -  
FUNDING**  
Ontario Building Officials Association

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