



OSTA

Ottawa Student
Transportation
Authority



Financial Statements

For the year ended August 31, 2011

Ottawa Student Transportation Authority

Financial Statements

For the year ended August 31, 2011

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OSTA
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Management Report

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Ottawa Student Transportation Authority ("OSTA") for the year ended August 31, 2011 are the responsibility of OSTA's management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The accounting policies followed by OSTA are included in the summary of significant accounting policies accompanying the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

OSTA's 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 the preparation of the financial statements. These systems are monitored and evaluated by management.

OSTA's Board of Directors meets with management and OSTA's external auditor, as necessary, to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Directors' approval of the financial statements.

The financial statements have been audited by Collins Barrow Ottawa LLP, independent external auditors appointed by the members of OSTA. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on OSTA's financial statements.

General Manager and Chief Administrative Officer

December 19, 2011

Ottawa, Ontario

Independent Auditor's Report

To the Members of the Ottawa Student Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Ottawa Student Transportation Authority, which comprise the statement of financial position as at August 31, 2011 and the statements of operations, change in net debt and cash flow 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 Public Sector Accounting Standards, 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 of our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ottawa Student Transportation Authority as at August 31, 2011, its results of operations, its change in net debt and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian Public Sector Accounting Standards have been applied, after giving retroactive to the change in the method of accounting for capital contributions related to tangible capital assets as explained in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants

December 19, 2011

Ottawa, Ontario

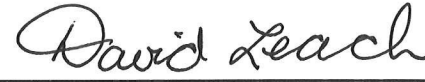
Ottawa Student Transportation Authority Statement of Financial Position

August 31	2011	2010
Financial assets		
Cash	\$ -	\$ 7,362
Accounts receivable		
Member school boards (Notes 2c. and e.)	1,532,165	1,793,052
Member school boards - other (Note 2e.)	330,760	161,450
Other	40,227	401,326
Total financial assets	1,903,152	2,363,190
Financial liabilities		
Bank indebtedness (Note 3)	55,026	-
Accounts payable and accrued liabilities		
Member school boards (Notes 2d. and e.)	1,307,046	1,997,967
Trade payables and accrued liabilities (Notes 2e. and h.)	308,069	332,948
Retirement and other employee future benefits (Note 4)	235,858	222,619
Deferred capital contributions (Notes 1 and 5)	23,603	31,159
Total financial liabilities	1,929,602	2,584,693
Net debt (Note 1)	(26,450)	(221,503)
Non-financial assets		
Prepaid expenses	2,847	35,902
Tangible capital assets (Note 6)	23,603	31,159
	26,450	67,061
Accumulated surplus (deficit) (Notes 1 and 7)	\$ -	\$ (154,442)

On behalf of the Board:



President



Treasurer

Ottawa Student Transportation Authority Statement of Operations

For the year ended August 31	2011	2010	
	Budget	Actual	Actual
Revenues (Note 13)			
Recoveries from member school boards (Notes 2a. and f.)	\$ 58,961,107	\$ 58,814,488	\$ 57,683,355
Recoveries from other school boards		52,071	124,483
Interest and other revenues	-	10,387	-
Recognition of deferred capital contributions (Notes 1, 5 and 13)	7,556	7,556	7,556
Total revenues	58,968,663	58,884,502	57,815,394
Expenses (Notes 2b. and f. and 13)			
Transportation contracts	47,397,412	47,238,754	47,515,083
Provincial Schools transportation contracts	5,862,836	5,377,613	4,979,379
Public transit	3,728,761	3,768,270	3,330,687
Salaries, wages and benefits (Notes 2h., 4 and 13)	1,684,045	1,737,877	1,633,733
Professional fees	35,800	329,429	165,008
Occupancy (Note 2g.)	25,477	25,448	24,973
Software licensing	55,500	54,320	90,594
Staff development	13,500	11,397	12,779
First aid / safety training	-	-	2,238
Communications	23,500	20,927	20,436
Insurance	4,200	6,246	4,645
Other supplies and services	143,315	152,223	84,682
Amortization of tangible capital assets (Notes 6 and 13)	7,556	7,556	7,556
Total expenses	58,981,902	58,730,060	57,871,793
Surplus (deficit) for the year (Notes 1 and 13)	(13,239)	154,442	(56,399)
Accumulated surplus (deficit), beginning of year (Notes 1, 7 and 13)	(154,442)	(154,442)	(98,043)
Accumulated surplus (deficit), end of year (Notes 1, 7 and 13)	\$ (167,681)	\$ -	\$ (154,442)

Ottawa Student Transportation Authority Statement of Change in Net Debt

For the year ended August 31	2011	2010
Surplus (deficit) for the year (Note 1)	\$ 154,442	\$ (56,399)
Tangible capital asset activity		
Amortization of tangible capital assets (Note 6)	<u>7,556</u>	<u>7,556</u>
Total tangible capital asset activity	<u>7,556</u>	<u>7,556</u>
Other non-financial asset activity		
Acquisition of prepaid expenses	(2,847)	(35,902)
Use of prepaid expenses	<u>35,902</u>	<u>46,043</u>
Total other non-financial asset activity	<u>33,055</u>	<u>10,141</u>
(Increase) decrease in net debt for the year	195,053	(38,702)
Net debt, beginning of year (Note 1)	<u>(221,503)</u>	<u>(182,801)</u>
Net debt, end of year (Note 1)	\$ (26,450)	\$ (221,503)

Ottawa Student Transportation Authority Statement of Cash Flow

For the year ended August 31	2011	2010
Operating transactions		
Surplus (deficit) for the year (Note 1)	\$ 154,442	\$ (56,399)
Non-cash items		
Recognition of deferred capital contributions (Notes 1 and 5)	(7,556)	(7,556)
Amortization of tangible capital assets (Note 6)	7,556	7,556
Net change in operating financial assets and financial liabilities (Note 8)	(249,885)	53,620
Decrease in prepaid expenses	33,055	10,141
Cash and cash equivalents provided by (used in) operating transactions and increase (decrease) in cash and cash equivalents for the year	(62,388)	7,362
Cash and cash equivalents, beginning of year	7,362	-
Cash and cash equivalents (deficiency), end of year	\$ (55,026)	\$ 7,362

Ottawa Student Transportation Authority

Summary of Significant Accounting Policies

August 31, 2011

Nature and Purpose of the Organization

The Ottawa Student Transportation Authority ("OSTA") was incorporated on October 24, 2007 as a corporation without share capital under the laws of Ontario. As a not-for-profit organization, OSTA is exempt from income taxes on its not-for-profit activities.

OSTA was established pursuant to the direction received from the Ministry of Education of Ontario to all provincial school boards on July 11, 2006 for the formation of local transportation consortia. The objects of OSTA are to act on behalf of its member school boards, being the Ottawa Catholic District School Board operating as the Ottawa Catholic School Board ("OCSB") and the Ottawa-Carleton District School Board ("OCDSB"), to facilitate, organize and deliver safe, effective and efficient school transportation services to students in the Ottawa area on behalf of such members.

In addition to its articles of incorporation and by-laws, the operations of OSTA are governed by an operating agreement between OSTA and its two members noted above. The agreement continues in force until the earlier of the date on which OSTA is dissolved in accordance with applicable provisions of Ontario law or the parties unanimously agree in writing to terminate the agreement. Any amendment to the agreement must be in writing signed by all members.

The by-laws and the agreement also set out other matters, some of which are set out below.

- OSTA's membership and Board of Directors are comprised of equal representation from both school boards noted above. Therefore OSTA is subject to joint control by these school boards.
- The cost of operations of OSTA is shared between its members as determined from time to time by OSTA's Board of Directors.

Basis of Accounting

The financial statements are prepared by OSTA's management in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants since OSTA is a government organization.

Revenues and expenses are reported on an accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services consumed in the period whether or not payment has been made or invoices received.

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus (deficit) of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to OSTA. There are no organizations which are accountable to OSTA.

Ottawa Student Transportation Authority

Summary of Significant Accounting Policies

August 31, 2011

Use of Estimates

Since precise determination of many reported assets and liabilities and the disclosure of contingent assets and liabilities at the financial statement date and the reported amount of revenues and expenses during the reporting period is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and assumptions. These have been made using careful judgments, however actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported or disclosed, as appropriate, in the reporting period in which they become known.

Significant estimates include assumptions used in estimating the amount and collectibility of accounts receivable, in estimating provisions for accrued liabilities, in performing actuarial valuations of retirement and other employment future benefits, establishing the values and related amortization of tangible capital assets and the recognition of deferred capital contributions.

Contributed Assets, Materials and Services

OSTA's member school boards contribute assets, materials and services to OSTA from time to time. Assets, materials and services contributed to OSTA are reflected in these financial statements in certain circumstances. The fair value of these contributions is often difficult to determine.

Contributions are not recognized in these financial statements unless:

- a fair value can be reasonably estimated;
- the related assets, materials and services are used in the normal course of operations;
- the provider of the contributions has explicitly defined the value to OSTA; and
- the value has been accepted by OSTA's Board of Directors in determining the cost of OSTA's operations to be shared between OSTA's members.

Cash and Cash Equivalents (Deficiency)

Cash and cash equivalents (deficiency) are comprised of the net amount of: cash on hand; short-term investments, if any, which are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days from the date of acquisition; and short-term temporary borrowing facilities, if any, which includes bank indebtedness in the form of bank overdrafts and lines of credit which are repayable on demand and for an integral part of OSTA's cash management such that they fluctuate regularly from a borrowing to a no borrowing position.

Ottawa Student Transportation Authority Summary of Significant Accounting Policies

August 31, 2011

Tangible Capital Assets Tangible capital assets, including capital leases and subject to certain dollar value thresholds, are initially recorded at historical cost or at their fair value if they were contributed (donated) to OSTA. Capitalization thresholds are as follows:

Leasehold improvements - land and buildings	\$ 10,000
First-time equipping	All
Furniture and equipment	\$ 5,000
Computer hardware and software (including certain software licences)	\$ 5,000

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are accounted for as expenses in the Statement of Operations as incurred.

The historical cost, less any residual value, of a tangible capital asset in use with a limited life is amortized over its estimated useful life in a rational and systematic manner appropriate to its nature and use by OSTA. Tangible capital assets that have been permanently removed from service are written down, if necessary, to their estimated current residual value and not amortized. The amortization of the costs of tangible assets and their write down are accounted for as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis, commencing in the month of acquisition, over their estimated useful lives as follows:

Leasehold improvements	Lease term
First-time equipping	10 years
Furniture	10 years
Equipment	5 - 15 years
Computer hardware	5 years
Computer software (including certain licences)	5 years

Reserves Certain amounts, as approved by OSTA's Board of Directors, could be set aside in reserves for future operating and capital purposes or to fund existing liabilities. Reserves are internally restricted amounts and are a part of the accumulated surplus (deficit) at the end of the year. Transfers to and/or from reserves would be recognized when approved. OSTA's reserves are set out in Note 7 to these financial statements.

Government Transfers Government transfers, which include grants from OSTA's member school boards, are recognized in the financial statements in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

Ottawa Student Transportation Authority Summary of Significant Accounting Policies

August 31, 2011

Government Transfers
(continued) Government transfers for capital that meet the definition of a liability are referred to as deferred capital contributions. Amounts are recognized as revenue in the Statement of Operations as the liability is extinguished over the useful life of the asset.

Investment Income Investment income earned on surplus funds is reported as revenue in the Statement of Operations as it is earned with the passage of time.

Retirement and Other Employee Future Benefits OSTA employees are paid by its member school boards and OSTA is charged by the member school boards for salaries, wages and benefits. Certain statutory benefits like Canada Pension Plan, Employment Insurance and Employer Health Tax are charged to OSTA as they are incurred based on statutory contribution rates. Other benefits, including retirement benefits, are incurred by the respective member school boards and charged to OSTA. These benefits are described herein.

OSTA provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, retirement gratuities, workplace safety and insurance benefits, long-term disability benefits, parental leave benefits and sick leave benefits. OSTA has adopted the following policies with respect to accounting for these employee benefits.

- a. The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, future expected usage of sick days for illness related absences, accumulated sick days at retirement, insurance and health care costs trends, disability recovery rates, long-term inflation rates and long-term discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, life insurance and health care benefits for retirees, and sick leave benefits, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the expected usage of these benefits and their related assumptions are amortized over the expected average remaining service life of the employee group. The costs related to plan changes is recognized immediately in the reporting period the obligating event occurs.

Ottawa Student Transportation Authority Summary of Significant Accounting Policies

August 31, 2011

**Retirement and Other
Employee Future
Benefits (continued)**

a. (continued)

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workplace safety and insurance benefits (see Note 4 to these financial statements for changes to the plan during the 2011 fiscal year), long-term disability benefits, life insurance and health care benefits for those on disability leave, parental leave benefits, and unexpected usage of sick leave, the cost is recognized immediately in the reporting period the obligating event occurs. Any actuarial gains and losses related to these benefits are recognized immediately in the reporting period they arise.

b. The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are OSTA's contributions due to the plan in the reporting period through its member school boards.

c. The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the year.

Budget Figures

Budget figures have been provided for comparative purposes and have been derived from the budget approved by OSTA's Board of Directors. The budget approved by the Board of Directors is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given the differences between the funding model and Canadian Public Sector Accounting Standards established by PSAB, the budget figures presented have been adjusted to conform with this basis of accounting as it is used to prepare the financial statements. The budget figures are unaudited.

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

1. Change in Accounting Policy

In March 2011, PSAB released a new Public Sector Accounting Standard PS 3410 "Government Transfers". Section 3410 requires organizations receiving government transfers for capital that meet the definition of a liability to recognize amounts as revenue in the Statement of Operations as the liability is extinguished over the useful life of the asset. These government transfers are referred to as deferred capital contributions ("DCC"). In prior years, deferred capital contributions were included in the funding received from the member school boards for the purchase of tangible capital assets. This funding was recognized as revenue in the Statement of Operations when the tangible capital assets were purchased. The standard is effective for fiscal periods beginning on or after April 1, 2012 and earlier adoption is encouraged. This new standard may be applied retroactively or prospectively.

In fiscal 2011, OSTA has early adopted this new standard. This change has been applied retroactively and the figures presented for comparative purposes have been restated.

A summary of the key aspects of the change to the figures reported in the current year and the prior year follows.

	As at August 31 2011	As at August 31 2010	As at September 1 2009
Impact on Statement of Financial Position			
Deferred capital contributions using previous policy	\$ -	\$ -	\$ -
Net book value of deferred capital contributions recorded	23,603	31,159	38,715
Deferred capital contributions, as restated	\$ 23,603	\$ 31,159	\$ 38,715
Net debt using previous policy	\$ (2,847)	\$ (190,344)	\$ (144,086)
Impact of net book value of deferred capital contributions being reported as a liability	(23,603)	(31,159)	(38,715)
Net debt, as restated	\$ (26,450)	\$ (221,503)	\$ (182,801)
Accumulated surplus (deficit) using previous policy	\$ 23,603	\$ (123,283)	\$ (59,328)
Impact of the net book value of deferred capital contributions being reported as a liability	(23,603)	(31,159)	(38,715)
Accumulated surplus (deficit), as restated	\$ -	\$ (154,442)	\$ (98,043)

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

1. Changes in Accounting Policy (continued)

	For the year ended August 31 2011	For the year ended August 31 2010
Impact on Statement of Operations		
Recognition of deferred capital contributions as revenue	\$ 7,556	\$ 7,556
Increase in revenue and change in the surplus (deficit) for the year	7,556	7,556
Change in the accumulated surplus (deficit), beginning of year represented by the net book value of unrecognized deferred capital contributions at the beginning of the year	(31,159)	(38,715)
Change in the accumulated surplus (deficit), end of year represented by the net book value of deferred capital contributions at the end of the year	\$ (23,603)	\$ (31,159)
Surplus (deficit) for the year		
Surplus (deficit) for the year using previous policy	\$ 146,886	\$ (63,955)
Add: Recognition of deferred capital contributions as revenue	7,556	7,556
Surplus (deficit) for the year, as restated	\$ 154,442	\$ (56,399)

In addition, the Statement of Change in Net Debt, the Statement of Cash Flow and the related notes to the financial statements have been restated for the impact of the change.

2. Related Party Transactions

As explained in the Summary of Significant Accounting policies accompanying these financial statements, OSTA is jointly controlled by the Ottawa Catholic School Board and the Ottawa-Carleton District School Board ("the member school boards").

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

2. Related Party Transactions (continued)

OSTA's revenues reported in the Statement of Operations are substantially all from the member school boards. In addition a significant portion of OSTA's expenditures are incurred by the member school boards on OSTA's behalf and charged to OSTA accordingly. Transactions occurring during the reporting period were in the normal course of operations and are measured at the exchange amount, which is the amount agreed upon by the parties. For revenues and expenditures for which the actual amount (direct cost) is not reasonably determinable the exchange amount is the agreed amount. For those revenues and expenditures which the actual amount is reasonably determinable the exchange amount is the actual amount (direct cost) of expenditures incurred by the member school boards on behalf of OSTA.

Effective September 1, 2008, some employees of each member board effectively became employees of OSTA and OSTA effectively assumed the liability for retirement and other employee future benefits for these employees. The amounts assumed were not an OSTA cost and were recoverable from the member boards based on their originating source. Effective March 23, 2010, as further explained in Note 4 to these financial statements, the employment matter related to establishing an appropriate bargaining unit and a recognized bargaining agent for OSTA as a new organization was settled. This resulted in a retroactive increase in the liability for employee retirement benefits which is an OSTA liability recoverable from member school boards based on the operating agreement between OSTA and the member school boards.

Further, as explained in the Summary of Significant Accounting Policies accompanying these financial statements, OSTA's member school boards contribute assets, materials and services to OSTA and in certain circumstances these contributions are recognized in these financial statements.

Transactions and balances with OSTA's member school boards include:

a. Revenues

	2011	2010
Recoveries for materials and services		
Ottawa Catholic School Board (Note 12a.)	\$ 21,888,142	\$ 22,200,378
Ottawa-Carleton District School Board (Note 12a.)	36,926,346	35,482,977
	\$ 58,814,488	\$ 57,683,355

b. Expenditures

Substantially all expenditures for current and capital purchases were paid by one of the member school boards on behalf of OSTA and charged to OSTA accordingly.

c. Financial Assets

	2011	2010
Accounts receivable		
Ottawa-Carleton District School Board	\$ 1,532,165	\$ 1,793,052

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

2. Related Party Transactions (continued)

d. Financial Liabilities

	2011	2010
Accounts payable and accrued liabilities		
Ottawa Catholic School Board	\$ 1,307,046	\$ 1,997,967

e. Terms of Repayment and Other Accounts Receivable

The accounts receivable, accounts payable and accrued liabilities set out in parts c. and d. of this note are substantially all as a result of the revenues and expenditures set out in parts a. and b. of this note but exclude other accounts receivable amounts related to retirement and other employee future benefits set out in Note 4 to these financial statements and accrued vacation leave set out in part h. of this note.

A summary of these latter amounts are as follows:

	2011	2010
Ottawa Catholic School Board		
Retirement and other future employee benefits	\$ 53,898	\$ 26,507
Accrued vacation leave	39,536	-
	93,434	26,507
Ottawa-Carleton District School Board		
Retirement and other future employee benefits	181,960	134,943
Accrued vacation leave	55,366	-
	237,326	134,943
	\$ 330,760	\$ 161,450

Amounts due from and to member school boards do not bear interest and are due on demand except for the balances related to retirement and other employee future benefits and accrued vacation leave amounts. These latter amounts are due in the year of payment of such amounts to eligible employees.

f. Contributed Assets, Materials and Services

Contributions of assets, materials and services which have not been recognized in the financial statements since they are provided at no cost by the member school boards are as follows:

- administration and support;
- other overhead expenses; and
- the use of certain capital assets.

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

2. Related Party Transactions (continued)

g. Administrative Premises

OSTA's administrative premises are owned by the Ottawa-Carleton District School Board. A lease agreement was reached during the 2009 fiscal year with a term ending August 31, 2012. Lease rates are based on the Ministry of Education of Ontario benchmark guideline for operating costs plus annual inflationary increases. Certain other charges are also included. The agreement can be terminated at any time during the term, upon ninety days written notice. The agreement also includes a five year renewal option at comparable terms and conditions.

For the year ended August 31, 2011 the total lease amounts were \$25,448 (2010 - \$24,779).

For the year ended August 31, 2012 the total lease amounts are expected to be \$25,894.

h. Accrued Vacation Leave

As at August 31, 2011 an amount of \$94,902 (2010 - \$93,273) representing unused vacation leave is included in OSTA's Statement of Financial Position in trade payables and accrued liabilities as well as being reflected as a salaries, wages and benefits expense in the Statement of Operations.

During the 2011 fiscal year OSTA established a reserve for this liability of \$94,902 as set out in Note 7 to these financial statements.

3. Bank Indebtedness and Credit Facilities

During its 2011 fiscal year OSTA obtained credit facilities which includes an operating line of credit of \$100,000 due on demand with interest at the bank's prime rate. The credit facilities are available to finance cash advances, letters of credit to a maximum of \$50,000 and credit card advances to a maximum of \$50,000. The credit facilities are secured by a general security agreement.

OSTA's bank indebtedness related to cash advances is comprised of the following:

	<u>2011</u>	<u>2010</u>
Bank overdraft	\$ 32,063	\$ -
Line of credit	22,963	-
	<u>\$ 55,026</u>	<u>\$ -</u>

In addition, as at August 31, 2011 the line of credit is also being used to support a guarantee letter in the amount of \$47,037 and expiring July 8, 2012 with OMERS for pension payments.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits

	2011			2010	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Liabilities					
Accrued employee future benefits obligations	\$ 168,354	\$ 67,712	\$ -	\$ 236,066	\$ 225,000
Unamortized actuarial gains (losses) - net	(3,505)	3,297	-	(208)	(2,381)
Employee future benefits liability at August 31	\$ 164,849	\$ 71,009	\$ -	\$ 235,858	\$ 222,619
Expenses					
Accrual for service	\$ 10,250	\$ 6,818	\$ -	\$ 17,068	\$ 10,794
Adjustment for unexpected usage	-	67,500	-	67,500	59,190
Increase due to plan changes	-	-	-	-	32,422
Interest on accrued benefits obligations	6,923	4,744	-	11,667	7,099
Amortization of actuarial losses	103	416	-	519	803
Employee future benefits expenses for the year	\$ 17,276	\$ 79,478	\$ -	\$ 96,754	\$ 110,308
Continuity of Liabilities					
Balance, beginning of year	\$ 155,082	\$ 67,537	\$ -	\$ 222,619	\$ 178,921
Expenses for the year	17,276	79,478	-	96,754	110,308
Benefits paid	(7,509)	(76,006)	-	(83,515)	(66,610)
Balance, end of year	\$ 164,849	\$ 71,009	\$ -	\$ 235,858	\$ 222,619

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits (continued)

	2011			2010	
	Retirement Benefits	Sick Leave Benefits	Other Employee Future Benefits	Total Employee Future Benefits	Total Employee Future Benefits
Continuity of Obligations					
Balance, beginning of year	\$ 152,474	\$ 72,526	\$ -	\$ 225,000	\$ 185,667
Actuarial losses (gains)	6,216	(7,870)	-	(1,654)	(3,562)
Accrual for service	10,250	6,818	-	17,068	10,794
Adjustment for unexpected usage	-	67,500	-	67,500	59,190
Increase due to plan changes	-	-	-	-	32,422
Interest on accrued benefits obligation	6,923	4,744	-	11,667	7,099
Benefits paid	(7,509)	(76,006)	-	(83,515)	(66,610)
Balance, end of year	\$ 168,354	\$ 67,712	\$ -	\$ 236,066	\$ 225,000
Continuity of Unamortized Actuarial Gains (Losses)					
Balance, beginning of year	\$ 2,608	\$ (4,989)	\$ -	\$ (2,381)	\$ (6,746)
Current year gains (losses)	(6,216)	7,870	-	1,654	3,562
Amortization of actuarial (gains) losses	103	416	-	519	803
Balance, end of year	\$ (3,505)	\$ 3,297	\$ -	\$ (208)	\$ (2,381)

Actuarial valuations for accounting purposes are performed annually using the projected benefit method prorated on services. The actuarial reports prepared indicated there were actuarial losses and gains with respect to retirement and sick leave benefits. These actuarial losses and gains are amortized on a straight-line basis over the expected average remaining service life of the related employee groups which range from approximately 8 years to 12 years. For workplace safety and insurance benefits; and life insurance, dental and health care benefits for employees on long-term disability leave; an actuarial valuation for accounting purposes is also performed annually and the respective liabilities, if any, are adjusted to the respective valuation.

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits (continued)

Commencement of OSTA Operations

In connection with its active commencement of operations on September 1, 2008, OSTA assumed retirement and other employee future benefit liabilities relating to member school boards' employees totalling \$161,450 as at September 1, 2008. This amount is included in other accounts receivable from member school boards being \$26,507 from the Ottawa Catholic School Board and \$134,943 from the Ottawa-Carleton District School Board, for a total of \$161,450 as set out in Note 2e. to these financial statements.

Increase in Retirement Benefits Due to Plan Changes

The employment matter related to establishing an appropriate bargaining unit and a recognized bargaining agent for OSTA was settled during the 2010 fiscal year. As of March 23, 2010, OSTA's union employees are all represented by the Ontario Secondary School Teachers' Federation ("OSSTF"). Prior to this date, unionized Ottawa-Carleton District School Board employees were represented by OSSTF, while unionized Ottawa Catholic School Board employees were represented by the Canadian Union of Public Employees ("CUPE"). As of August 31, 2011, OSTA has not completed negotiations for their own union agreement. Until a new agreement is ratified, OSTA is governed by the terms of the agreement in place with the Ottawa-Carleton District School Board and employees represented by OSSTF. The employees who were transferred to OSSTF from CUPE received full recognition for their service/seniority under their prior agreement and became eligible for retirement benefits on a retroactive basis. The benefit costs and liabilities related to the change in benefits for employees previously represented by CUPE are included in OSTA's financial statements as a 2010 increase due to benefit plan changes since it is an OSTA cost of operations.

Retirement Benefits

Ontario Municipal Employees Retirement System

All qualifying employees of the OSTA are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. OSTA's contributions equal the employee contributions to the plan. Employer contributions to the plan during the fiscal period ended August 31, 2011 by OSTA amounted to approximately \$98,000 (2010 - \$79,000). As this is a multi-employer pension plan, these contributions are OSTA's pension benefit expenses. No pension liability for this plan is included in the OSTA's financial statements.

Retirement Gratuities

Certain employees are entitled to retirement or termination gratuity benefits based on accumulated sick leave credits or sick days, length of service and salary at retirement.

OSTA provides these benefits through a member school board's unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in OSTA's financial statements.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits (continued)

Retirement Gratuities (continued)

During the year total gratuity payments to employees were \$7,509 (2010 - \$nil). The number of employees who received gratuity payments in the current year was 1 (2010 - none). The estimated accrued retirement gratuity obligation represents the liability for 13 employees (2010 - 14 employees).

During the 2011 fiscal year OSTA established a reserve for the increase in the liability under the Retirement Gratuities plan since the commencement of OSTA operations, as set out in Note 7 to these financial statements. The balance of the reserve as at August 31, 2011 is \$64,653.

Retirement Life Insurance and Health Care Benefits

OSTA provides life insurance, dental and health care benefits to a certain employee group after retirement until the members reach 65 years of age. OSTA provides these benefits through a member school board's unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in OSTA's financial statements.

During the year total retirement life insurance and health care benefit payments were \$nil (2010 - \$nil).

OSTA does not maintain a specific reserve for the Retirement Life Insurance and Health Care Benefits plan.

Sick Leave Benefits

OSTA provides sick leave benefits to its employees, which the employees earn throughout their employment. Permanent employees are credited with two days per month as paid sick leave in the year. Part-time employees are entitled to prorated days based on the proportion of part-time to full-time work. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreements. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. Sick day credits are paid out at the salary in effect at the time of usage. The use of accumulated sick days for sick leave compensation ceases on termination of employment. OSTA provides these benefits through the member school boards' unfunded defined benefit plans. The benefit costs and liabilities related to these plans are included in OSTA's financial statements.

During the year total sick leave benefit payments were \$76,006 (2010 - \$66,610).

During the 2011 fiscal year OSTA established a reserve for the increase in the liability under the Sick Leave Benefits plan since the commencement of OSTA operations, as set out in Note 7 to these financial statements. The balance of the reserve as at August 31, 2011 is \$9,755.

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits (continued)

Other Employee Future Benefits

Workplace Safety and Insurance Benefits (WSIB)

OSTA was designated as a Schedule 2 employer under the Workplace Safety and Insurance Act of Ontario until June 30, 2011. As such, OSTA was directly liable for all claims of accidental injury or industrial disease and did not participate with other employers on a pooled basis as would a Schedule 1 employer. OSTA provided these benefits through an unfunded defined benefit plan. WSIB procedures require Schedule 2 employers to pay for actual costs as they are incurred such that these expenses would be recognized when injuries to employees occur.

During the year total workplace safety insurance payments under Schedule 2 were \$nil (2010 - \$nil).

OSTA does not maintain a specific reserve for the Schedule 2 Workplace Safety and Insurance Benefits plan.

Effective July 1, 2011 OSTA became a Schedule 1 employer thereby incurring WSIB premiums and participating with other employers on a pooled basis.

Long-Term Disability Life Insurance and Health Care Benefits and Parental Leave Benefits

OSTA provides life insurance, dental and health care benefits to employees on long-term disability leave. OSTA is responsible for the payment of life insurance premiums and the costs of health care benefits under this plan. OSTA provides these benefits through an unfunded defined benefit plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured and not included in this plan. The benefit costs and liabilities related to the Long-Term Disability Life Insurance and Health Care Benefits plan are included in OSTA's financial statements. The liability at August 31, 2011 is \$nil (2010 - \$nil).

OSTA also provides parental leave benefits to its employees through an unfunded defined benefit plan. The benefit costs and liabilities related to parental leave benefits are included in OSTA's financial statements. The liability at August 31, 2011 is \$nil (2010 - \$nil).

OSTA does not maintain specific reserves for the Long-Term Disability Life Insurance and Health Care Benefits plan or the Parental Leave Benefits plan.

Actuarial Assumptions

OSTA's actuarial valuations are based on assumptions about future events. Therefore actual results could differ from these assumptions.

The method of valuation used for retirement benefits, consisting of retirement gratuities and retirement life insurance and health care benefits, is the projected benefit method pro-rated on service, which uses management's best estimate assumptions of real interest rates, inflation rates, salary escalations, mortality, terminations, retirement ages, and insurance and health care cost trends. According to this method, the accrued benefit obligation is equal to the actuarial present value of all estimated future benefits multiplied by the ratio of an employee's service at the valuation date to the estimated total service at the estimated future date when benefits are paid.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

4. Retirement and Other Employee Future Benefits (continued)

Actuarial Assumptions (continued)

For sick leave benefits, the accrued benefit obligation is determined as the actuarial present value of future expected usage of sick leave days for illness related absences.

For claimants in receipt of WSIB benefits, the accrued benefit obligation is determined as the actuarial present value of all estimated future benefit payments.

For claimants in receipt of Long-Term Disability Life Insurance and Health Care Benefits, and Parental Leave Benefits, the accrued benefit obligation is determined as the actuarial present value of all estimated future benefit payments.

The economic assumptions used in the 2011 valuations are OSTA's best estimates of average expected rates of:

Wage and salary escalation rates	3.0 %
Discount/interest rate on accrued benefit obligations	4.0 %
Inflation rate	2.0 %

Sensitivity

Since OSTA's employee group is considered statistically small, variations between expected and actual usage of sick leave could cause a significant difference between the expected and actual employee future benefits costs for accounting purposes. However, the variations would not be expected to be material to the financial statements as a whole.

5. Deferred Capital Contributions

A summary of OSTA's deferred capital contributions follows.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year (Note 1)	\$ 31,159	\$ 38,715
Revenue recognized for the year	(7,556)	(7,556)
Balance, end of year (Note 1)	<u>\$ 23,603</u>	<u>\$ 31,159</u>

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

6. Tangible Capital Assets

A summary of OSTA's tangible capital assets follows. First-time equipping is included in the furniture and equipment category.

All of OSTA's tangible capital assets capitalized as explained in the Summary of Significant Accounting Policies accompanying these financial statements are being amortized. As indicated in Note 2 to these financial statements, OSTA enjoys the use of certain capital assets that remain the property of the contributing member school boards on a no charge basis. These include furniture and equipment, computer hardware, computer software and leasehold improvements. These assets are therefore excluded from OSTA's tangible capital assets.

	2011			2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Furniture and equipment	\$ 26,665	\$ 8,560	\$ 18,105	\$ 26,665	\$ 5,740	\$ 20,925
Computer software	5,080	3,302	1,778	5,080	2,286	2,794
Leasehold improvements	14,880	11,160	3,720	14,880	7,440	7,440
	\$ 46,625	\$ 23,022	\$ 23,603	\$ 46,625	\$ 15,466	\$ 31,159

A continuity of the August 31, 2011 balances is as follows:

	Cost					Balance end of year
	Balance beginning of year	Additions	Disposals	Transfers	Balance end of year	
Furniture and equipment	\$ 26,665	\$ -	\$ -	\$ -	\$ -	\$ 26,665
Computer software	5,080	-	-	-	-	5,080
Leasehold improvements	14,880	-	-	-	-	14,880
	\$ 46,625	\$ -	\$ -	\$ -	\$ -	\$ 46,625

	Accumulated Amortization			
	Balance beginning of year	Amortization Expense	Disposals	Balance end of year
Furniture and equipment	\$ 5,740	\$ 2,820	\$ -	\$ 8,560
Computer software	2,286	1,016	-	3,302
Leasehold improvements	7,440	3,720	-	11,160
	\$ 15,466	\$ 7,556	\$ -	\$ 23,022

Ottawa Student Transportation Authority
Notes to Financial Statements

August 31, 2011

6. **Tangible Capital Assets** (continued)

A continuity of the August 31, 2010 balances is as follows:

	Cost				Balance end of year
	Balance beginning of year	Additions	Disposals	Transfers	
Furniture and equipment	\$ 26,665	\$ -	\$ -	\$ -	\$ 26,665
Computer software	5,080	-	-	-	5,080
Leasehold improvements	14,880	-	-	-	14,880
	\$ 46,625	\$ -	\$ -	\$ -	\$ 46,625

	Accumulated Amortization			Balance end of year
	Balance beginning of year	Amortization Expense	Disposals	
Furniture and equipment	\$ 2,920	\$ 2,820	\$ -	\$ 5,740
Computer software	1,270	1,016	-	2,286
Leasehold improvements	3,720	3,720	-	7,440
	\$ 7,910	\$ 7,556	\$ -	\$ 15,466

Ottawa Student Transportation Authority

Notes to Financial Statements

August 31, 2011

7. Accumulated Surplus (Deficit)

OSTA's accumulated surplus (deficit) reported in the Statement of Financial Position, after giving retroactive effect to the change in accounting policy set out in Note 1 to these financial statements follows. During the 2011 fiscal year, OSTA's member school boards agreed to establish reserves for these liabilities.

Composition of Accumulated Surplus (Deficit)

	2011	2010
Amounts to be recovered in future years		
Retirement and other employee future benefits (Note 4)	\$ (235,858)	\$ (222,619)
Unused vacation leave (Note 2h.)	(94,902)	(93,273)
Less amounts assumed on active commencement of operations (Note 4)	161,450	161,450
	(169,310)	(154,442)
Reserves for the above liabilities		
Retirement Gratuities Plan (Note 4)	64,653	-
Sick Leave Benefits Plan (Note 4)	9,755	-
Unused vacation leave (Note 2h.)	94,902	-
	169,310	-
Accumulated surplus (deficit), end of year (Note 1)	\$ -	\$ (154,442)

Accumulated Surplus (Deficit) Allocated to Member School Boards

	2011	2010
Amounts to be recovered in future years		
Ottawa Catholic School Board	\$ (66,927)	\$ (58,063)
Ottawa-Carleton District School Board	(102,383)	(96,379)
	(169,310)	(154,442)
Reserves for the above liabilities		
Ottawa Catholic School Board	66,927	-
Ottawa-Carleton District School Board	102,383	-
	169,310	-
Accumulated surplus (deficit), end of year (Note 1)	\$ -	(154,442)

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

7. Accumulated Surplus (Deficit) (continued)

Continuity of Accumulated Surplus (Deficit)

	2011	2010
Amounts to be recovered in future years		
Balances, beginning of year	\$ (154,442)	\$ (98,043)
Increases in unfunded liabilities for the year	(14,868)	(56,399)
Balances, end of year	(169,310)	(154,442)
Reserves for the above liabilities		
Balances, beginning of year	-	-
Increases for prior year unfunded liabilities (Note 12a.)	154,442	-
Increases in unfunded liabilities for the year	14,868	-
Balances, end of year	169,310	-
Accumulated surplus (deficit), end of year (Note 1)	\$ -	\$ (154,442)

8. Net Change in Operating Financial Assets and Financial Liabilities

The net change in non-cash operating financial assets and financial liabilities represents a source (use) of cash and consists of the change in the current fiscal year end balance from the prior fiscal year end as follows:

	2011	2010
Accounts receivable decrease (increase)	\$ 452,676	\$ (2,001,487)
Accounts payable and accrued liabilities increase (decrease)	(715,800)	2,011,409
Retirement and other employee future benefits increase	13,239	43,698
	\$ (249,885)	\$ 53,620

9. Contractual Agreements

As part of OSTA's ongoing operations, transportation contracts are in place for OSTA's 2012 fiscal year with terms and conditions comparable to those in place for the 2011 fiscal year.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

10. Contingencies

In connection with its operations, OSTA or OSTA through its member school boards may be a defendant in certain pending or threatened litigation the outcome of which is not reasonably determinable. In the opinion of OSTA's and member school boards' management, these possible actions will not result in any material liabilities to OSTA and therefore no provision has been made in the financial statements with respect to any possible litigation. Any settlement resulting from these possible actions will be treated as an expense in the fiscal period in which settlement occurs.

11. Ontario School Boards' Insurance Exchange

Effective September 1, 2008 OSTA secured its own coverage as a separately recognized member of Ontario School Boards' Insurance Exchange (OSBIE). Prior to September 1, 2008, OSTA was a member through its member school boards. A reciprocal insurance company licensed under the Insurance Act, OSBIE insures, on a pooling basis for its members, general public liability, property damage and certain other risks. OSTA's non-owned automobile liability insurance is to a maximum of \$24,000,000. The insurance premiums are based on the reciprocal's and the member's actual claims experience. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they or predecessor school boards were members of the pool on a pro rata basis. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. To August 31, 2011, no significant assessments have been made with respect to 2011 and prior.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

12. Financial Activities by Member School Board

- a. The following supplementary information is a summary of the total expenses and expenditures and the recovery thereof reported in these financial statements for the year ended August 31, 2011.

	Total	OCSB	OCDSB	Other School Boards
Expenses (Note 1)				
Transportation contracts	\$ 47,238,754	\$ 18,465,192	\$ 28,730,891	\$ 42,671
Provincial Schools				
transportation contracts	5,377,613	-	5,377,613	-
Public transit	3,768,270	2,426,958	1,341,312	-
Salaries, wages and benefits	1,737,877	702,035	1,035,842	-
Professional fees	329,429	142,379	187,050	-
Occupancy	25,448	10,376	15,072	-
Software licensing	54,320	23,477	30,843	-
Staff development	11,397	4,926	6,471	-
Communications	20,927	8,002	12,925	-
Insurance	6,246	2,700	3,546	-
Other supplies and services	152,223	48,523	94,300	9,400
Amortization of tangible capital assets	7,556	3,266	4,290	-
Total expenses	58,730,060	21,837,834	36,840,155	52,071
Less: Recognition of deferred capital contributions	(7,556)	(3,266)	(4,290)	-
Less: Interest and other revenue	(10,387)	(4,489)	(5,898)	-
Add: Recognition of prior year unfunded liabilities in the current year reserve (Note 7)	154,442	58,063	96,379	-
Total recoveries	\$ 58,866,559	\$ 21,888,142	\$ 36,926,346	\$ 52,071

- b. The following supplementary information is a summary by member school board of the total actual operating expenses reported on the Statement of Operations for use by the respective member school board as a distribution for Schedule 10 in the Ministry of Education of Ontario filing requirements for the year ended August 31, 2011. This supplementary information is not required to be audited and therefore has not been subject to audit.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

12. Financial Activities by Member School Board (continued)

	Total	OCSB	OCDSB	Other School Boards
Expenses				
Salaries and wages	\$ 1,479,285	\$ 597,486	\$ 881,799	\$ -
Employee benefits	258,592	104,549	154,043	-
Staff development	11,397	4,926	6,471	-
Supplies and services	227,470	80,002	138,068	9,400
Rental expenses	25,448	10,376	15,072	-
Fees and contractual services	56,720,312	21,037,229	35,640,412	42,671
Amortization of tangible capital assets	7,556	3,266	4,290	-
	\$ 58,730,060	\$ 21,837,834	\$ 36,840,155	\$ 52,071

13. Budget Figures

The unaudited budget figures presented in these financial statements are based upon the 2011 budget approved by OSTA's Board of Directors. Capitalization and amortization of tangible capital assets and the increase in employee future benefits expense were not contemplated on development of the budget and, as such, were not included. The chart herein reconciles the approved budget to the budget figures reported on the Statement of Operations. Where amounts were not budgeted for, the actual figures for 2011 were used in order to adjust the budget figures to reflect the same basis of accounting as that used to report the actual results.

As the Statement of Changes in Net Debt is a new statement in the 2011 fiscal year financial statements, the budget figures in that statement have not been provided for 2011.

Ottawa Student Transportation Authority Notes to Financial Statements

August 31, 2011

13. Budget Figures (continued)

The impact on the Statement of Operations is as follows:

	Approved 2011 Budget	Change	Restated 2011 Budget
Revenues			
Total revenues in the 2011 approved budget	\$ 58,961,107	\$ -	\$ 58,961,107
Add: Recognition of deferred capital contributions	-	7,556	7,556
	<u>58,961,107</u>	<u>7,556</u>	<u>58,968,663</u>
Expenses			
Total expenditures in the 2011 approved budget	58,961,107	-	58,961,107
Add: Actual increase in employee future benefits expense included in salaries, wages and benefits expense	-	13,239	13,239
Add: Actual amortization of tangible capital assets expense	-	7,556	7,556
	<u>58,961,107</u>	<u>20,795</u>	<u>58,981,902</u>
Total expenses			
	58,961,107	20,795	58,981,902
Surplus (deficit) for the year	-	(13,239)	(13,239)
Accumulated surplus (deficit), beginning of year			
Actual accumulated surplus (deficit), beginning of year as restated (Note 1)	-	(154,442)	(154,442)
	<u>-</u>	<u>(154,442)</u>	<u>(154,442)</u>
Accumulated surplus (deficit), end of year	<u>\$ -</u>	<u>\$ (167,681)</u>	<u>\$ (167,681)</u>

14. Comparative Figures

In certain instances, the 2010 information presented for comparative purposes has been reclassified to conform to the financial statement presentation adopted for the current year.