



HARBOUR
AUTHORITIES
*our harbour,
our community*

SMALL CRAFT HARBOURS

Harbour Authority
Manual /
Finance
2012



FINANCE

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Finance

Financial planning, control and reporting are a vital part of the successful management and operations of any business.

It serves as a means for investors, management and other parties to determine the value of the business and the success of its' operations. A successful business should prepare a budget (plan) to identify the future actions of the business outlining the forecasted revenue and expenses. The primary reason to prepare a budget is to maximize profits ensuring that operational costs are met. Financial control and reporting provides a measure of the success of the business in meeting its' goals. Proper completion of financial transactions and reports will provide information required for the future of the business.



Budgeting

BUSINESS PLAN

Successful Harbour Authorities operate like a small business whereby they develop a business plan and use it as a “road map” to help guide their activities.



The advantages of developing a business plan include:

- Strategic guide for the future development of the Harbour Authority.
- Helps the Harbour Authority identify new business opportunities, the shortcomings and the problems before they arise.
- Encourages the Harbour Authority to focus on planning.

What is a business plan?

A business plan is a summary of the goals that the business hopes to accomplish in future years and how it plans to organize available resources to reach those goals. The business plan can be an essential and useful document in starting and running a successful small business, such as Harbour Authorities, because it identifies priorities, assesses the risks involved, and assesses the level of commitment required to succeed.

A business plan is also a useful tool in trying to obtain financing.

A business plan could include:

- **A description of the business or harbour operations** provides basic information about the Harbour Authority: its strengths and weaknesses; its key activities, products, and services; and, its management and advisory team members. The description also includes the business environment, the nature of the industry, the market, the trends and competition.
- **An analysis of the Harbour Authority community** identifies potential new services and sources of clients. It also addresses strategic issues such as user fees, revenue generation, and promotion.
- **A description of the operations** describes harbour facilities and leasehold improvements, determine human resource requirements, operating hours and procedures, and the need for new or additional buildings or equipment, if appropriate.
- **An assessment of risks and opportunities** identifies the risks inherent to the activities of the Harbour Authority and the opportunities represented in its particular facilities.
- **Current financial information and a forecast of future earnings** include cash-flow forecasts, historical financial data (if available) and projected balance sheets and income statements. The information should include financing requirements and the assumptions behind certain figures, such as payment terms and estimated revenue. The Harbour Authority’s goals should be clearly stated, and potential new services, growth, and expansion plans described.

Information on preparing business plans can be found at:

- Libraries;
- Educational institutions and financial institutions;
- The Regional Economic Board (e.g. Chamber of Commerce);
- Federal agencies (such as the Federal Office of Regional Development, the Atlantic Canada Opportunities Agency);
- Industry Canada; and
- The Business Development Bank of Canada.

Also available is a Business Planning Guide for Harbour Authorities located on the SCH website. This useful guide can be found at the following link:

<http://www.dfo-mpo.gc.ca/sch-ppb/toolbox-boiteaoutils/planning-planification/doc-eng.htm>

ANNUAL INCOME STATEMENTS OR BUDGETS

An annual income statement provides many benefits to Harbour Authorities, such as:

- Provides additional control over harbour operations and will ensure that the Harbour Authority has a good idea of what to expect in the coming year.
- Compares actual results to budgeted figures, can often identify initial signs of operational problems or faulty internal controls.
- Facilitates appropriate decision making. The Harbour Authority uses resources according to the work plan.
- Demonstrates the managerial abilities of the Board of Directors and satisfies the information needs of the membership, the Department of Fisheries and Oceans (DFO), and others (banks).
- Saves time and money. The Harbour Authority can project the financial impact of a decision before committing to it.
- Encourages Directors and staff to appreciate the full scope of the business: looking ahead, determining how to achieve success, making decisions that should contribute to that success, and considering alternative courses of action in the event that a decision fails to achieve a desired result.

An annual income statement or budget is a game plan that helps an organization reach its financial goals. It provides an estimate of revenue and expenses for the coming year and determines the ability of a corporation to meet its obligations.

An annual income statement is a projection of how the coming year will unfold. This projection is a combination of **facts** and **assumptions**.

Examples of **facts** could be:

- the number of boats currently using a harbour;
- the current cost of electricity; and
- the current salary of the harbour supervisor.

Examples of **assumptions** could be:

- the utilization rate of harbour services for the coming year;
- bad debts;
- allowance for possible snow removal at the harbour.

It is important to be conservative when projecting future revenues and less conservative when projecting future expenses.

An annual income statement could include:

- what can be achieved financially during the coming year;
- where potential financial problems lie; and
- what the financial situation of the Harbour Authority will be at the end of the year.

PREPARING AN ANNUAL STATEMENT OR BUDGET

How do you prepare an annual income statement or budget?

When preparing an annual income statement or budget, start by estimating expected income or total revenue. Because of the level of uncertainty, expected income or total revenue is often difficult to determine. The best way to develop a reliable forecast is to talk to other people in the same industry and to refer to historical records.



Revenue figures cannot be separated from the particular circumstances and geographical location of a harbour. When estimating total revenue you must consider:

- types of services offered at a harbour;
- the harbour clientele;
- the types of fisheries that operate out of the harbour; and
- competition from other harbours.

Preparing an annual income statement or budget may be more difficult for a new Harbour Authority than for an existing Harbour Authority, because a new Harbour Authority has no historical records to use as a reference. But, in these cases, a work plan is even more essential. The extra work and time are justified by the importance of determining, at the outset, whether the Harbour Authority will generate enough revenue to meet its stated goals.

Please see Annex 1 for an example of an Annual Income Statement.



DETERMINING THE COST OF SERVICES

As part of the income statement or budget exercise, a Harbour Authority may choose to determine the cost of the services that it provides to harbour users. The Harbour Authority can then set fees that reflect the real costs of providing these services. Knowing the costs can also serve to explain and justify fee increases or reductions in service.

In addition to berthage and landing fees, there are many other services that a Harbour Authority can charge for:



- ✓ Use of wharf
- ✓ Electrical fees
- ✓ Water usage
- ✓ Fuel truck access
- ✓ Launching fees
- ✓ Upland storage
- ✓ Waste oil disposal
- ✓ Licences
- ✓ Parking
- ✓ Recreational vessel berthage

PREPARING A CASH-FLOW FORECAST

The first step in preparing a cash-flow forecast is to estimate, on a monthly basis, total cash collections and total cash payments. Results from previous years, if available, are a good source of information.

Various work sheets are available to help organize cash flow, projected cash sales, and accounts receivable. The work sheets can be obtained from most financial institutions at no charge.

Cash-flow forecasts should be revised on an ongoing basis. At the end of each month, it is wise to compare the actual cash-flow figures to the planned figures. If an important discrepancy exists between the sets of figures, it may be necessary to analyze the variances, to revise certain assumptions, and to adjust the figures for the succeeding months accordingly. The forecast should provide a clear picture of cash requirements at all times.



What is a cash-flow forecast?

- ✓ **Will your Harbour Authority generate enough revenue to support your operations this year?**
- ✓ **Are there other business projects your Harbour Authority would like to undertake?**
- ✓ **Can you afford to hire a Harbour Supervisor/Manager?**

A cash-flow forecast will help you answer some of these questions above. A cash-flow forecast is an estimate of future revenue and expenses. It should show all cash receipts, as they are expected to be received, and all cash payments, as they are to be made, and determines whether the revenue generated will be sufficient to meet monthly expenses.

The difference between a budget and a cash-flow forecast is the time at which the receipt and payment of money is recorded. A budget records revenue and expenditures when the money is received or paid.

What are the benefits to a Harbour Authority having a cash-flow forecast?

- It helps plan the most effective use of available cash;
- It provides a schedule of anticipated cash receipts and a method of verifying whether that schedule is achieved;
- It is a measure of the significance—in terms of cash—of unexpected changes in circumstance (for example, reduced revenue or sudden expenses);
- It is an estimate of the money needed to pay suppliers and employees on time; and
- Cash-flow forecasting also helps prioritize the payment of accounts and demonstrates to lenders the Harbour Authority's capacity to meet loan repayment schedules.

Banking

SETTING UP A BANK ACCOUNT

A Harbour Authority should set up a bank account to properly record funds received and spent. The Board of Directors should pass a resolution choosing the financial institution at which the Harbour Authority will open an account and the directors who are to have cheque-signing privileges.

BANK STATEMENTS AND CANCELLED CHEQUES

It is recommended that Harbour Authorities conduct most of their business transactions by cheque. Cheques are safer to handle than cash; they also provide an immediate and permanent record of business transactions. Cheques generate additional financial records such as bank statements, deposit slips, and cheque stubs. It is recommended that the use of cheques be controlled, i.e. that all cheques require the signature of two at all times, never sign blank cheques, etc.

Keeping monthly bank statements and cancelled cheques in a safe place and maintaining the order in which the bank has arranged the cheques is important. Cheques are cross-referenced against entries on the bank statement and against the list of outstanding cheques (not cashed) prepared at the end of the previous month. This process produces an updated list of outstanding cheques as of the date of the bank statement.

BANK RECONCILIATION

A bank reconciliation is a simple procedure used to verify the differences between the bank statement and the cash balance in the ledgers. At the end of each month, the bank sends the Harbour Authority:

- all cheques that were cashed against the account during that month.
- a notice of any cheques paid into the account that were refused as stale-dated or drawn against an account that lacked sufficient funds (NSF) to cover it.
- a statement showing all transactions occurring during the month.
- that month's opening and closing balances.

Using this information, the Harbour Authority can reconcile its ledgers and bank statement, thus proving the accuracy of its accounts.

An example of a bank reconciliation can be found in Annex 1 of this document.



BANK FINANCING

Before obtaining financing, a Harbour Authority must examine its Letters Patent and Bylaws to determine whether it may borrow money, and if so, what its borrowing limit is.



A Harbour Authority may require credit for either of two reasons:

- to finance its operations (normally by a line of credit), or
- to finance the purchase of equipment or another major asset (normally by a term loan).

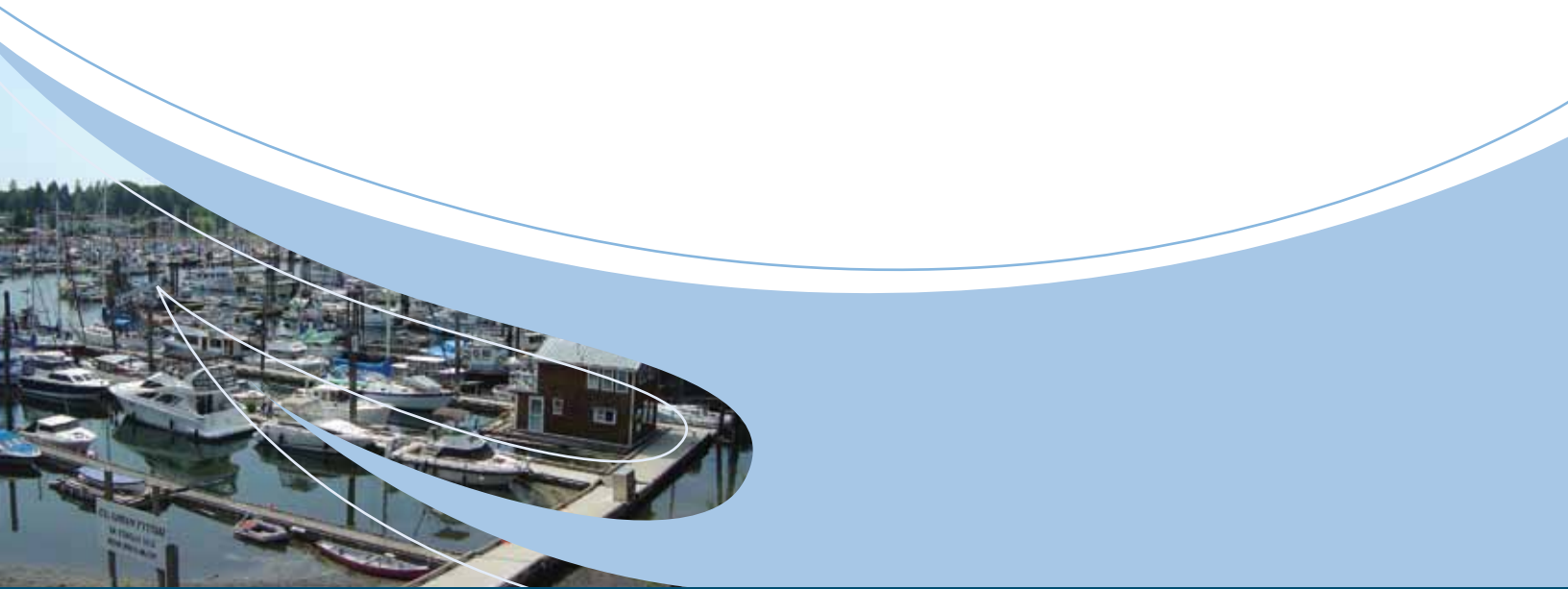
The investigation that the bank conducts regarding the financial situation of the potential borrower is similar in either case. The bank may use a piece of machinery or other Harbour Authority assets as collateral. However, the financing terms offered by financial institutions tend to be less competitive than terms offered by suppliers. Comparing the financing terms of several suppliers and financial institutions may be advantageous.

LINE OF CREDIT

The purpose of an operating line of credit is to tide the Harbour Authority over until the accounts receivable are collected. A line of credit is the link between the provision of services and the collection of fees.

TERM LOAN

The purpose of a term loan is to finance a major purchase and to spread its repayment over a relatively lengthy period of time. A bank extends a term loan based on the assumption that the intended purchase will help the Harbour Authority to generate revenue and that, over time, the revenue will repay the loan.



Revenue Collection

SOURCES OF REVENUE

Is your Harbour Authority generating as much revenue as it could?

A Harbour Authority has various potential sources of revenue from fees and charges for services provided by the Harbour Authority. The Board of Directors determines an appropriate fee structure for the Harbour Authority.



The fee structure may take into account such factors as:

- the volume of business;
- the client mix (fishers, processors, recreational boaters, etc.);
- the cost of the services provided;
- the market value of the services offered;
- the operating costs of the harbour;
- the costs for small projects, minor repairs, etc.; and
- the willingness and ability of the clients and members to pay.

BERTHAGE FEES

Berthage fees are normally presented in the form of a posted fee schedule. The schedule can be set as a function of the size and type of vessel and size of the harbour. Fees may be stated in dollars per metre per day, dollars per metre per month, and dollars per metre per year, or it can be a flat fee per year determined by vessel size. The fee for a given vessel is then calculated based on the schedule. The fee schedule determines the potential berthage revenue.



The fee schedule may differ for different categories of vessels. Category descriptions might include:

- Commercial fishing vessels used to harvest or transport fish or seafood products.
- Pleasure craft used for recreational purposes.
- Government vessels owned or contracted by a government agency.
- Aquaculture Operations.
- Commercial vessels used for commercial activities other than fishing, such as ferries, transports, cruise ships, tour boats and others.

The fee structure should be visually displayed at the harbour, either on a sign or elsewhere. This may also help the users understand that their fees go back into the harbour.

To avoid any issues with collecting fees, it is strongly recommended that Harbour Authorities enter in a Berthage Agreement with its harbour users. This will ensure that a signed legal document exists and could help Harbour Authorities when trying to collect delinquent fees. You will find an example of a Berthage Agreement at the end of this section (Annex 2).

UTILITIES AND OTHER SERVICES

What are examples of utilities and other services?



- ✓ Use of wharf
- ✓ Electrical fees
- ✓ Water usage
- ✓ Fuel truck access
- ✓ Launching fees
- ✓ Upland storage
- ✓ Waste oil disposal
- ✓ Licenses
- ✓ Parking
- ✓ Recreational vessel berthage
- ✓ Landing fees

The cost of services such as launching, electricity, water, gear or boat storage, garbage collection, waste oil disposal and shower facilities can either be included in the berthage fee or be charged separately.

When charged separately, the fee may be fixed or based on actual consumption. The fixed fee could be the same for all boats, or it could vary according to the size of the boat or some other criteria.

These fee rates should be visually displayed at the harbour, either on a sign or elsewhere. This may also help the users understand that their fees go back into the harbour.

SUBLEASES AND LICENCES

The Harbour Authority may generate other revenue by issuing subleases, permits, and licences to harbour users.

The Harbour Authority should ensure that sublease agreement holders, licensees, and other agreement holders, observe all the terms and conditions of their agreements. Adequate records should be kept of these transactions.

For more information or to obtain copies of Subleases and Licences templates, please consult the Governance Section of this Manual or contact your regional SCH Office.

SPECIAL EVENTS – LIABILITY COVERAGE

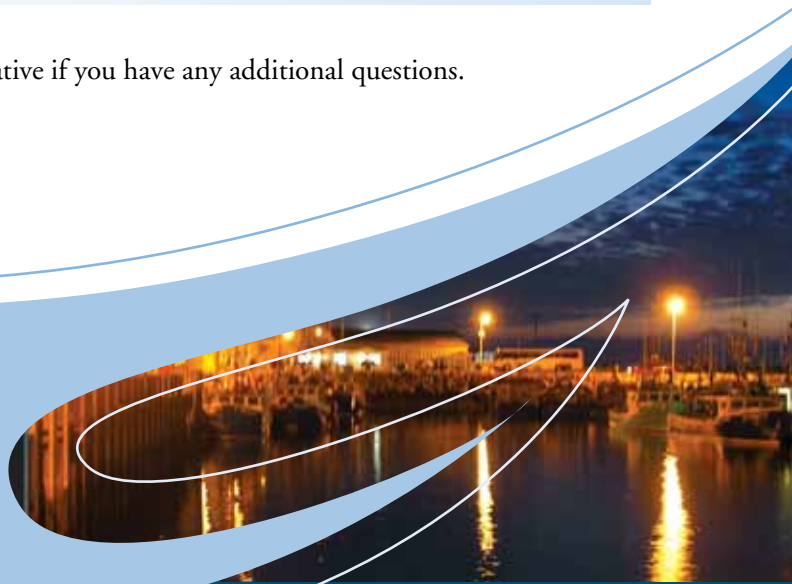
Special events may represent additional sources of revenue for the Harbour Authority. In order to ensure your Harbour Authority is adequately covered by the Third Party Liability Insurance (TPLI) purchased on an annual basis by Small Craft Harbours, the insurance provider requires to be notified in advance of a special event as these activities do not fall under the description of harbour activities covered by the policy. As such, Harbour Authorities need to advise Small Craft Harbours in advance of the event and describe in as much detail as possible what types of activities will be taking place and the steps taken by the Harbour Authority to prepare for the event and ensure proper safety measures are in place. Small Craft Harbours can then inform the insurance provider to ensure proper coverage and to provide further information as necessary.



Generally, the insurance provider will need to know:

- Who will be participating? How many participants? Who will be organizing?
- What is the event? A festival or a derby or other? A short description will suffice.
- When is the exact date of the event?
- Where will the activities take place?
- How will the Harbour Authority put any special due diligence measures in place?

Please contact your local Small Craft Harbours representative if you have any additional questions.



INVOICING AND BILLING

A Harbour Authority should have policies and accounting systems in place to handle revenue collection, as well as billing and payment transactions so that all such transactions are handled with consistency and fairness. The Harbour Authority may also wish to account for all invoices to ensure that invoice numbers are recorded in the sales/receipts journal in numerical order, and that all cancelled invoices are entered as such in the journal. All applicable taxes (GST, HST, and provincial taxes) should be included on invoices or bills, as well as entered in the books.

Once services have been rendered, invoices (bills) should be issued as quickly as possible. Bills and statements should be clear and understandable to the clients of the Harbour Authority. For services that are billed monthly, the Harbour Authority may wish to establish a routine in which billing is completed by the fifth day of the month.

If purchased services are permitted to be paid in instalments, client records will have to be updated to apply payments received to the unpaid balance and to add new charges as they are incurred. A system of aging the accounts receivable will facilitate the reconciliation of outstanding balances and the charging of interest, if applicable.

OUTSTANDING ACCOUNTS AND COLLECTION PROCEDURES

The most effective approach to collecting delinquent accounts is a personal telephone call or visit. A written notice can also be sent to inform a client that an account is overdue and to describe the action that the Harbour Authority will take if payment is not made after the first notice. It is important for the Harbour Authority to ensure accurate documentation of each outstanding balance in the event of subsequent recovery.

If a Harbour Authority is having a problem collecting on delinquent accounts they may consider using the “Three-letter approach”:

1. Letter notifying of delinquent account, with invoice;
2. Letter notifying of a delinquent account, with deadline; and finally
3. Letter notifying of a delinquent account, with threat of collection agency.

(Note: You may also wish to advise in the third letter that failure to pay may result in eviction/removal from the harbour or loss or suspension of services.)

If normal collection procedures fail, the Harbour Authority could turn the debt over to a collection agency or initiate a claim in Small Claims Court.

For additional information and tips on fee collection please consult the Harbour Authority toolbox located on the SCH internet site.

“Harbour Authority Fee Collection – Unofficial Tips”

(<http://www.dfo-mpo.gc.ca/sch-ppb/toolbox-boiteaoutils/fee-droits/doc-eng.htm>)

Expenditure Management

EXPENSE CATEGORIES

A Harbour Authority spends money in a variety of ways during the normal course of business. Day-to-day records of receipts and expenses should be kept. Normally, a cash disbursement journal is used for tracking expenditures. It records every cheque issued by the Harbour Authority.

Establishing the following three categories of expenses can facilitate consolidation and preparation of the financial statements that are usually required for an annual report.

General Expenses could include:

- Salaries;
- Office furniture;
- Telephone;
- Electricity;
- Water;
- Professional services;
- Insurance; and
- Municipal taxes.

Operational Expenses could include:

- Electricity;
- Garbage services;
- Snow removal;
- The maintenance of:
 - Winches, wharfs, ramps and slipways;
 - Floats, breakwater, dredging, service area; and
 - Buildings.

Other Expenses could include:

- Equipment acquisition;
- Miscellaneous items (small expenses lumped together);
- The Goods and Services Tax (GST) or Harmonized Sales Tax (HST); and
- Provincial sales taxes.



The Harbour Authority might establish a monthly or quarterly expenditure report that shows the variations in each expense category. For most Harbour Authorities the summer months will generally show higher revenues than the winter months, where business is usually slower. Normal business practice encourages this type of reporting so that the budget may be adjusted accordingly.

To maximize the cash-on-hand, the Harbour Authority should consider taking advantage of discounts “for prompt payment” if they are offered and, if they are not, issuing cheques dated for the precise due date, just before interest would become payable.

Depending on the number of transactions, the bookkeeper should determine the most appropriate interval for processing payments: daily, weekly, or “as needed”.

PROJECT MANAGEMENT ACCOUNTING

At times, DFO may request that the Harbour Authority conduct important repairs to the harbour facilities. The repair contract signed with DFO should be treated as a receivable (similar to a client file), because cash is received in return for completing a service. If the Harbour Authority receives a financial contribution from DFO, the Harbour Authority must report the cash received either as income or as a reduction of an expense.

GST/HST REGISTRATION REQUIREMENTS

A non-profit Harbour Authority must register for GST/HST purposes if its total revenues from taxable property or services in its last four calendar quarters or in a single calendar quarter are more than \$50,000. If a Harbour Authority has taxable revenues that are less than \$50,000, it may still register voluntarily. A Harbour Authority that is a GST/HST registrant may be entitled to claim input tax credits (ITCs) to recover the tax paid or payable on purchases or expenses used in its commercial activities (i.e. used to provide taxable property and services for which the Harbour Authority charges a fee). For more information on ITCs, see “ITC entitlement” on the Canada Revenue Agency website (<http://www.cra-arc.gc.ca>).

If the total taxable revenues of a Harbour Authority are below the \$50,000 threshold and it chooses not to register, it does not charge GST/HST on its taxable property or services and it is not entitled to claim ITCs to recover the tax paid or payable on its purchases or expenses. However, it may be entitled to claim a public service body (PSB) rebate. For more information on this rebate, see “Rebate entitlement” on the Canada Revenue Agency website (<http://www.cra-arc.gc.ca>).



GST/HST STATUS OF PROPERTY AND SERVICES

Harbour Authorities commonly manage real property by way of lease or licence. In all provinces except Quebec, a lease generally gives the tenant exclusive possession of the property and the right to sublet the property. A licence provides a person with specific rights to use harbour property and/or facilities, but does not provide the person with the same degree of control and exclusive possession as a lease. An example of a licence would be the right granted to a person to dock a boat at a certain wharf where the Harbour Authority retains control and access to all of the premises.

TAXABLE LEASES AND LICENCES

A lease of real property made by a Harbour Authority in the course of a business it carries on is generally taxable where continuous possession or use provided under the lease is for less than one month. A licence of real property or a right of entry made by a Harbour Authority in the course of a business it carries on is generally taxable regardless of the term of the licence.

MAKING PAYROLL DEDUCTIONS

From time to time, a Harbour Authority may hire employees. The Harbour Authority is obliged to accurately record payroll information for its employees, and to maintain up-to-date records. Harbour Authorities must follow a few simple procedures to account for payroll costs and to conform to government regulations. A payroll journal must be established. If the Harbour Authority has more than one employee, the journal consolidates earnings record cards (which simplifies consolidation for T-4 slips). The journal also records the amount to be remitted to the government, including the employer's contributions.

A Harbour Authority must register with the Canada Revenue Agency as soon as its first employee is hired (unless the Harbour Authority is already registered for the GST/HST). The next step is for the Harbour Authority to obtain, from the Canada Revenue Agency, the Payroll Deductions Tables for Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums, and income tax deductions for the appropriate province. Harbour Authorities located in Quebec must register with Revenue Quebec. All questions pertaining to the sales tax and to the "Régime des rentes du Québec" must also be directed to Revenue Quebec.



Major deductions from pay cheques include:

- Canada Pension Plan contributions (in Quebec, Quebec Pension Plan (QPP) contributions);
- Employment Insurance (EI) contributions; and
- income tax.

The Canada Pension Plan and the Employment Insurance program require contributions from both the employer and employee. Personal income tax is paid only by the employee.

A Harbour Authority should stay informed of changes to these contributions that may occur during the year because the changes will affect the amount of money that a Harbour Authority and its employees must remit to the government.



Harbour Authorities should consult the *Employers' Guide to Payroll Deductions* and *Basic Information*, guide T4001 which can be located at: <http://www.cra-arc.gc.ca/E/pub/tg/t4001/> and the **Payroll Deductions Tables** (<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/t4032/menu-eng.html>) for its respective province or territory.

CANADA REVENUE AGENCY - REFERENCE MATERIAL

The Canada Revenue Agency has produced an excellent guide (RC 4070) for small businesses. The guide covers the principal issues that a business should consider when running its operations from a fiscal point of view.

This guide can be found at <http://www.cra-arc.gc.ca/E/pub/tg/rc4070/>.

Revenue Québec has an information and reference service for starting a business. The department has compiled several relevant publications and forms including the guide "Starting a Business". This guide may be found at:

<http://www.revenu.gouv.qc.ca/en/entreprise/demarrage/default.aspx>.

Financial Statements and Reporting Requirements

In every business, a set of financial statements is periodically prepared to monitor the progress of the business. Financial statements are useful tools for managing a Harbour Authority. It is a Small Craft Harbours requirement that Harbour Authorities provide financial statements on an annual basis, as per Section 10, Auditing Records and Audit, of the Head Lease.

BALANCE SHEET

A balance sheet is a summary of the financial position of a Harbour Authority at a particular point in time: a snapshot, so to speak. The balance sheet lists the Harbour Authority's assets (resources), its liabilities (debts), and the resulting surplus or deficit position.

- **Assets** are items of value owned by the Harbour Authority, such as equipment and buildings.
- **Liabilities** are items of value owed by the Harbour Authority to others, such as debts and bank loans.
- The **surplus** or **deficit** position of a Harbour Authority is the difference between its assets and its liabilities. The surplus or deficit position is composed of the money invested in the Harbour Authority over the years and the gains (profits) or losses sustained by the Harbour Authority since its creation. A Harbour Authority's surplus or deficit position may also be called the reserve fund because it consists only of accumulated gains or losses.

By subtracting current assets (items that can be converted to cash within less than a year) from current liabilities (items that must be paid within less than a year), a picture develops of the corporation's flexibility in meeting its obligations (money owed and payable within the year). The reserve fund of a Harbour Authority is a good indicator of its wealth and its ability to weather difficult financial times.

PROFIT AND LOSS STATEMENT

The profit and loss statement shows the operating results of the Harbour Authority over a specified period of time (month, quarter, half a year, and one year). The period of time covered by the profit and loss statement usually ends on the date that appears on the balance sheet. Operating results are shown as the money earned (revenue) and the money spent (expenses) by the Harbour Authority over a specified period of time.

The profit and loss statement confirms whether revenue from fees, licences, and other activities exceeds expenses such as salaries, maintenance, repairs, and other expenses incurred in earning the revenue. The details provided on a profit and loss statement will depend on the activity in the harbour and on what the Board of Directors wants the Harbour Authority to report. The expense category used in the Harbour Authority's work plan or budget can be found on the profit and loss statement.



Formal profit and loss statements are usually prepared once a year for income tax or annual reporting purposes. A profit and loss statement can be prepared periodically throughout the year to check progress and to ensure that all plans (and the budget) are on track.

Profit and loss statements are usually compared with past and future budget projections. The Board of Directors looks for significant differences between the budget and actual results as reported on the profit and loss statement. The Board also looks for non-budgeted revenue and expenses, and requests explanations for the discrepancies.

Profit and loss statements are also compared to the statements of previous years to identify large variances. The comparison highlights potential problems, allowing time to adjust the budget (i.e., defer some projects to the next financial exercise).

FINANCIAL AUDIT

One of the annual reporting obligations required by Industry Canada under the Canada *Not-for-Profit Corporations Act* is to produce financial statements and have them reviewed by a qualified public accountant. The benefits to using the services of public accountants are that they can provide an oversight function on:

- lack of appropriate controls;
- appearance of fraud; and
- the need to improve financial reporting.

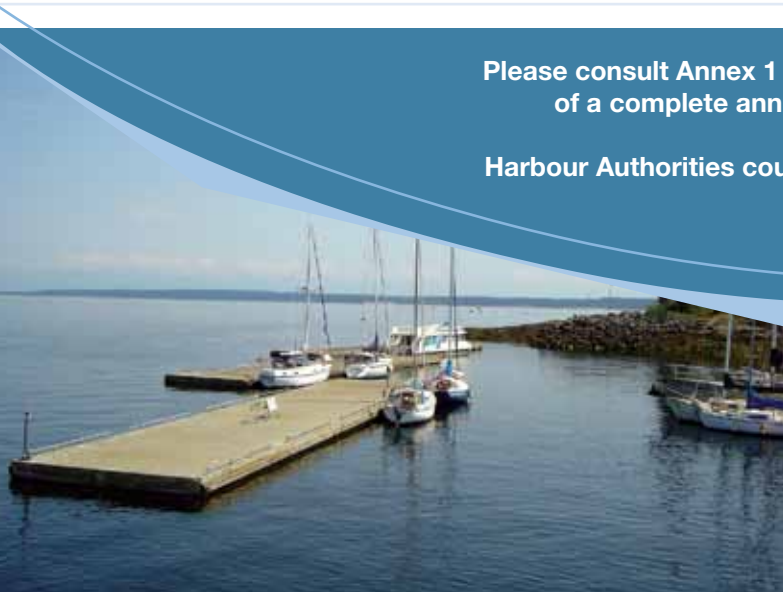
This annual financial report needs to be prepared by a “public accountant” as defined in the Act. The criteria are:

1. the person is a member of a provincial association of accountants (CA, CMA or CGA);
2. the person has any required licence required for the type of review that they will be doing; and
3. the person must be independent of the corporation, its affiliates or the directors or officers of the corporation or its affiliates.

If all the members (100%) of a small corporation (soliciting with less than \$50,000 in gross annual revenues or a non-soliciting with less than \$1 million in gross annual revenues) agree to NOT appoint a public accountant, then a public accountant is not appointed and there will be no “public accountant’s report”. However, the annual financial statements for the Harbour Authority MUST still be prepared.

Please consult Annex 1 for an example of a template
of a complete annual financial report that

Harbour Authorities could submit to SCH every year.



Annexes

ANNEX 1 – FINANCIAL REPORTING

PLEASE NOTE THAT THIS IS ONLY BEING PROVIDED AS AN EXAMPLE.
YOU MAY WISH TO CONTACT YOUR SCH REGIONAL OFFICE TO INQUIRE WHETHER
THEY HAVE THEIR OWN TEMPLATE FOR COMPLETING FINANCIAL REPORTS.

COMPLETE FINANCIAL REPORT APRIL 1, XXXX - MARCH 31, XXXX

The following documents **shall be** included to form this financial report:

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PLEASE NOTE THAT THIS IS ONLY BEING PROVIDED AS AN EXAMPLE.
YOU MAY WISH TO CONTACT YOUR SCH REGIONAL OFFICE TO INQUIRE WHETHER
THEY HAVE THEIR OWN TEMPLATE FOR COMPLETING FINANCIAL REPORTS.

HARBOUR AUTHORITY OF

HARBOUR AUTHORITY CONTACT INFORMATION

ADDRESS:

PHONE #:

FAX #:

EMAIL ADDRESS:

HARBOUR AUTHORITY PRIMARY CONTACT INFORMATION

NAME:

PHONE #:

FAX #:

CELL #:

EMAIL ADDRESS:

HARBOUR AUTHORITY SUPERVISOR CONTACT INFORMATION

NAME:

PHONE #:

FAX #:

CELL #:

EMAIL ADDRESS:

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BOARD OF DIRECTORS FOR XXXX/XX

OFFICERS

TITLE	NAME	MAILING ADDRESS	PHONE # / CELL #
PRESIDENT			
VICE PRESIDENT			
SECRETARY			
TREASURER			

OTHER DIRECTORS

TITLE	NAME	MAILING ADDRESS	PHONE # / CELL #
PRESIDENT			
VICE PRESIDENT			
SECRETARY			
TREASURER			

Does your Harbour Authority have Director's & Officer's & Bodily Injury Insurance?

YES NO

The above insurance is available to all Harbour Authorities and provides protection to the Board of Directors while they conduct Harbour Authority business and in the event they are injured while working on behalf of the Harbour Authority. This insurance is available through the Harbour Authority Corporation. For information on this these insurances please contact your regional Harbour Authority Corporation representative.

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COMPLETE FINANCIAL REPORT
FOR THE YEAR APRIL 1, XXXX TO MARCH 31, XXXX

Number of Board of Directors Meetings held	
Date of Election of the Board of Directors (most recent election)	
Number of Harbour Authority Members (including Board of Director's)	
Number of General Meetings	
Date of the Annual General Meeting	
Number of Fishers Served	
Number of Fishing Vessels Served	
Number of Fish Plants / Fish Buyers utilizing Harbour Facilities	
Number of Government Vessels utilizing Harbour Facilities	
Number of Tour Boats utilizing Harbour Facilities	
Number of other Commercial Vessels utilizing Harbour Facilities	
Number of Recreational Vessels utilizing Harbour Facilities	
Number of Harbour Authority Licences Issued	

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AS AT MARCH 31, XXXX
SCHEDULE OF FEES
DATE UPDATED: _____

Note: Copy of Fee Schedule may also be attached

SERVICE	UNIT OF MEASURE	DAILY FEE	MONTHLY FEE	YEARLY FEE
Berthage				
Less than 34_11_				
35_ - 44_11_				
45_ - 54_11_				
55_ - 64_11_				
More than 65_				
Recreational vessels				
Use of Wharf				
Offloading (ie. Per pound)				
Upland Storage				
Fuel truck access				
Special events				
Other				

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ANNUAL REPORT - COVERING MEMO

Date of Financial Review :

Name of Firm/Individual completing Financial Review:

Address:

Postal code:

Telephone:

To the Members of the Harbour Authority of _____

I have examined the Balance Sheet of the Harbour Authority of _____ as at
March 31, XXXX and the statement of Revenue, Expenditure and Authority Equity for the year then ended.
These financial statements present fairly the financial position of the Harbour Authority as at
March 31, XXXX and the results its operations for the year then ended.

I certify that I have examined these financial statements, including tests of related transactions and procedures,
and that they are true, correct, and complete.

In compliance with the request of the Harbour Authority of _____, I enclose
herewith the related statements.

Yours sincerely,

Attachments

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INCOME STATEMENT

(Statement Of Revenue, Expenditures And Authority Equity) Year Ended March 31, XXXX

REVENUE (INCOME)

Berthage	\$ _____
Wharfage	\$ _____
Licenses	\$ _____
Sub Leases	\$ _____
Unloading	\$ _____
Utilities (E.g. Electrical, Water)	\$ _____
DFO Contracts	\$ _____
Other Gov. Funding	\$ _____
Miscellaneous	\$ _____
HST	\$ _____
Total Revenue	\$ _____

EXPENDITURES

Lease (DFO)	\$ _____
Hydro	\$ _____
Telephone	\$ _____
Salaries and benefits	\$ _____
Office supplies and furniture	\$ _____
Maintenance/Materials	\$ _____
Travel	\$ _____
Professional Fees	\$ _____
Bank Service Charges	\$ _____
Miscellaneous	\$ _____
HST	\$ _____
Total Expenditure	\$ _____

NET INCOME	\$ _____
HARBOUR AUTHORITY EQUITY AT BEGINNING OF YEAR (April 1, XXXX)	\$ _____
HARBOUR AUTHORITY EQUITY AT END OF YEAR (March 31, XXXX)	\$ _____

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BANK RECONCILIATION

April 1, XXXX to March 31, XXXX

PER HARBOUR AUTHORITY RECORDS

Bank Transactions for the year

Beginning Bank Balance per Books, April 1, XXXX \$ _____

Add: Deposits \$ _____
Interest \$ _____

Deduct: Disbursements \$ _____
Bank Charges \$ _____

Bank Balance per Books, March 31, XXXX \$ _____

PER BANK STATEMENT

Balance per Bank Statement, March 31, XXXX \$ _____

Add Outstanding Deposits \$ _____

Deduct Outstanding Cheques \$ _____

Cheque Number	Amount
_____	_____
_____	_____
_____	_____
_____	_____

Total Outstanding Cheques \$ _____

RECONCILED BANK BALANCE as of MARCH 31, XXXX \$ _____
(equals Bank Balance per Books shown above)

Note: Bank Balance is to be entered on Line #3 of the Balance Sheet.

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HST RECEIVABLE / PAYABLE

April 1, XXXX to March 31, XXXX

HST RECEIVABLE / PAYABLE CALCULATION

HST owed at the end of the reporting period must be calculated and included in the Financial Statements:

BEGINNING HST RECEIVABLE / PAYABLE as of April 1, XXXX

HST RECEIVABLE/PAYABLE as of April 1, XXXX \$ _____

CURRENT YEAR April 1, XXXX to March 31, XXXX

Input Tax Credits (HST Paid Out or Payable) \$ _____
(April 1, XXXX to March 31, XXXX)

Less: HST Collected / Collectable \$ _____
(April 1, XXXX to March 31, XXXX)

HST Receivable (if negative enter 0) \$ _____
(Input Tax Credits - HST Collected / Collectable = HST Receivable)

HST Payable (if positive enter 0) \$ (_____)
(Input Tax Credits less than Collected / Collectable = HST Payable)

HST CALCULATION

ADD: HST REMITTED to Revenue Canada \$ _____
(April 1, XXXX to March 31, XXXX)

LESS: HST CLAIMED / RECEIVED from Revenue Canada \$ _____
(April 1, XXXX to March 31, XXXX)

CLOSING BALANCE HST RECEIVABLE (PAYABLE) \$ _____

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As at March 31, XXXX

ACCOUNTS RECEIVABLE LISTING

NAME	AMOUNT	NAME	AMOUNT
		TOTAL ACCOUNTS RECEIVABLE	\$

Note: The total Accounts Receivable is to be entered as Accounts Receivable on the Balance Sheet.

ACCOUNTS PAYABLE LISTING

NAME	AMOUNT	NAME	AMOUNT
		TOTAL ACCOUNTS PAYABLE	\$

Note: The total Accounts Payable is to be entered as Accounts Payable on the Balance Sheet.

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BALANCE SHEET
as at MARCH 31, XXXX

ASSETS

CURRENT ASSETS

Petty Cash	\$ _____
Cash on Hand <i>(Receipts not Deposited by March 31, XXXX)</i>	\$ _____
Bank Balanc	\$ _____
Accounts Receivable	\$ _____
HST Receivable (if applicable)	\$ _____

CAPITAL ASSETS

Facilities <i>(e.g. Buidlings, Marine Infrastructure, etc.)</i>	\$ _____
Equipment	\$ _____
TOTAL ASSETS	\$ _____

LIABILITIES AND AUTHORITY EQUITY

Accounts Payable	\$ _____
HST Payable	\$ _____
Other liabilities	\$ _____
TOTAL LIABILITIES	\$ _____
HARBOUR AUTHORITY EQUITY	\$ _____
TOTAL LIABILITIES AND HARBOUR AUTHORITY EQUITY	\$ _____

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THEY HAVE THEIR OWN TEMPLATE FOR COMPLETING FINANCIAL REPORTS.

PROJECTED INCOME STATEMENT

(Statement Of Revenue, Expenditures And Harbour Authority Equity)
for the Year Ended March 31, XXXX

REVENUE (Income)

Berthage	\$ _____
Wharfage	\$ _____
Licenses	\$ _____
Sub Leases	\$ _____
Unloading	\$ _____
Utilities (E.g. Electrical, Water)	\$ _____
DFO Contracts	\$ _____
Other Gov. Funding	\$ _____
Miscellaneous	\$ _____
Total Revenue	\$ _____

EXPENDITURES

Lease (DFO)	\$ _____
Hydro	\$ _____
Telephone	\$ _____
Salaries and benefits	\$ _____
Office supplies and furniture	\$ _____
Maintenance/Materials	\$ _____
Travel	\$ _____
Professional Fees	\$ _____
Bank Service Charges	\$ _____
Miscellaneous	\$ _____
Total Expenditure	\$ _____

NET INCOME (LOSS) \$ _____

HARBOUR AUTHORITY EQUITY AT BEGINNING OF YEAR (April 1, XXXX) \$ _____

HARBOUR AUTHORITY EQUITY AT END OF YEAR (March 31, XXXX) \$ _____

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PROJECTED WORK PLAN XXXX/XXXX

New Construction:

Repairs and Maintenance:

Other Harbour Authority Initiatives:

ANNEX 2 – BERTHAGE AGREEMENT

(HARBOUR NAME)
BERTHAGE AGREEMENT
NON-ASSIGNABLE LICENCE

VESSEL NAME: _____ C.F.V.# _____
 (If applicable)

VESSEL IDENTIFICATION: _____ LENGTH: _____
 Official Number, Pleasure Craft License (K #) or Small Commercial Vessel License (C #)

NAME: _____ PHONE CELL: () _____
 “Licensee” _____ HOME: () _____

MAILING ADDRESS:
 Number _____ Street _____
 City _____ Province _____ Postal Code _____

VESSEL OWNER: _____ PHONE: () _____
 (if different from above)

MAILING ADDRESS:
 Number _____ Street _____
 City _____ Province _____ Postal Code _____

EMERGENCY CONTACT: _____ PHONE: () _____

VEHICLE TYPE: _____ LICENCE PLATE # _____

In consideration of the moorage fee, at such rates specified by the _____ (Name) _____ Harbour Authority (the “Harbour”), the Harbour grants the above identified Licensee, a licence to use a berth at the _____ (Name) _____ Harbour (the “premises”) for the Vessel designated above on the following terms:

1. The Licensee agrees to pay a minimum of one month or more berthage fee PRIOR to berthing the Vessel based on the size and type of vessel as is set out by the Harbour policy. If the Licensee fails to pay in advance, the daily berthage rate and other charges as are set by Harbor policy for berthage and services will apply.
2. If the Licensee is not the Vessel Owner, the Licensee warrants that it is the duly authorized representative of the Vessel Owner with respect to entering into this agreement and has the Vessel Owner's permission to do so.
3. If BERTHAGE REMAINS UNPAID for 30 days or more, or if there is any breach or non-performance of any of the terms herein by the Licensee, this licence to berth the Vessel may be terminated by the Harbour, which shall have the right to seize the Vessel, remove it from the berth and premises.
4. At or before the expiry of the prepaid berthage term the Licensee may renew this licence to berth by prepaying the required berthage fees and, if requested, signing a new berthage agreement. [If the Licensee gives 30 days prior written notice and quits the berth before the prepaid term has expired, the Licensee may request a refund and receive a pro rata refund for the unused berthage fees subject to satisfaction of any other debts or liabilities owing by the Licensee to the Harbour.] (Optional)
5. If the Licensee is claiming to be entitled to commercial vessel berthage rates, it agrees to provide proof on demand of evidence to the Harbour's satisfaction that it is a commercial vessel based on the criteria determined by the Harbour. A CFV plate or Small Commercial Vessel license may not be sufficient. If the Licensee fails to do so, the Vessel will be charged applicable pleasurecraft berthage fees from the date of the demand for proof was made.
6. The Licensee agrees to pay, in advance, for all services and utilities which are furnished to the Vessel at the rates set by the Harbour, and shall connect to the utility services with an approved electrical cord prescribed by the Harbour. The Harbour will use its best efforts to maintain utility services, but because others supply the utilities, the Harbour neither guarantees the continuity of utility services nor, with regard to electrical service, the characteristics of such service and its compatibility with the Vessel's electrical protector, if any. The Harbour reserves the right to disconnect or refuse utility service to any Vessel without notice.
7. The Vessel shall have permanently affixed and visible from the outside, the Vessel's name and Port of Registry or Licence, and if fishing commercially, CFV plate tabs.
8. The Harbour may give one day's notice to the Licensee to vacate the berth or shift the Vessel for such purposes as may be necessary for the efficient operation of the premises. In the event that the Licensee has not moved the Vessel within the time the Harbour reserves the right to shift the Vessel as needed without liability to it or its employees. In emergency situations or where a safety concern is immediate the Harbour reserves the right to shift the Vessel to another berth without notice. The Licensee agrees to release, indemnify, and hold harmless the Harbour from all claims, demands and suits, present and future, for damage to Vessel caused by the Harbour in an emergency even if caused by negligence of the Harbour, its employees or agents. [The Licensee may not shift or move any vessel other than its own without express permission from that vessel owner or the Harbour.] (optional)

9. In consideration of this agreement the Licensee agrees:
- (a) To abide by all applicable statutes, regulations, by-laws and rules, including the Harbour's policies and directives, the Fishing and Recreational Harbours Act, and the Government Property Traffic Act, copies of which are available in the Harbour Office;
 - (b) That except during refit for such a period of time as is approved by the Harbour, the Vessel must be capable of moving under the Vessel's own power;
 - (c) That the Licensee has examined the berth and premises and finds them satisfactory;
 - (d) To keep the berth area and premises neat, clean/orderly and free from any flammable substances; and to store and maintain any flammable substances, pollutants or hazardous materials necessary to the ordinary course of operations of the Vessel in a manner acceptable to the Harbour, and in accordance with the Harbour's directives and guidelines and government regulations;
 - (e) To berth, operate, and maintain the Vessel in a seaworthy condition and responsible manner and not to do or permit anything to be done by a guest, employee/crew or agent which, in the opinion of the Harbour may be or become a nuisance or disturbance and to provide the Harbour with a current marine survey of the Vessel attesting to its seaworthiness if required by the Harbour;
 - (f) To not carry on any commercial enterprise at the berth and premises, except as permitted for a licensed commercial fishing vessel, without the prior written permission of the Harbour;
 - (g) On termination of this licence to use a berth, to remove the Vessel immediately, and if not removed, to pay the Harbour on demand, all expenses incurred by the Harbour in storing, moving, or berthing the Vessel and any costs relating thereto;
 - (h) That this agreement is a licence and the Harbour is not a bailee of and is not responsible for the care, custody or control of the Vessel, gear, and equipment and the Licensee's other property. The Licensee is responsible for looking after the Vessel, gear, and equipment and other property;
 - (i) That the Harbour is not liable for any loss, damage or expense, including loss of use, to the Vessel, gear, equipment or property or for personal injury or death or any damage suffered by the Licensee, its guests, employees/crew and agents, except where directly and solely caused by the negligence of its employees acting within the scope of their duties or employment;
 - (j) To indemnify and hold harmless the Harbour, Her Majesty, and their servants, agents and employees from and against all claims for loss, damage or expense, death or injury resulting from any acts or omissions of the Licensee, the Vessel and the Licensee's guests, or employees/crew or agents;
 - (k) If the berthage and utility fees remain unpaid for thirty days or if there is any breach or non-performance of any of the terms herein by the Licensee, this license to use a berth may be terminated by the Harbour forthwith, although the Harbour's remedies herein shall survive and the Harbour shall have a lien for any amounts owing pursuant to this agreement against the Vessel, gear and equipment and other property of the Licensee notwithstanding that the Harbour may have parted with or never had possession of the Vessel, gear, equipment or property;

(l) THE LICENSEE AGREES THAT THE VESSEL SHALL NOT BE USED TO LIVE ABOARD OR AS A PLACE OF RESIDENCE WHILE IT IS BERTHED AT THE HARBOUR UNLESS THE LICENSEE HAS WRITTEN PERMISSION FROM THE HARBOUR;

PLEASE INITIAL: _____

(m) To carry for the term of this agreement appropriate liability insurance for the Licensee and the Vessel (in a minimum amount of \$ _____) (A SET AMOUNT OPTIONAL) and make proof of such insurance available if requested by the Harbour. (OPTIONAL)

10. The Licensee shall not assign or transfer this agreement or any interest therein, or any interest in the berth designated by this agreement. Use of the berth is personal to the Licensee and designated Vessel and a person purchasing the Vessel will not thereby acquire rights under this agreement, or rights to use the berth designated in this agreement.

11. This constitutes the entire agreement between the parties. No modification or amendment of this agreement shall be valid unless evidenced in writing and signed by both parties.

12. If management of the berth and premises reverts to the Department of Fisheries and Oceans, this agreement shall automatically terminate unless assigned by the Harbour to the Department of Fisheries and Oceans.

I have read the terms and conditions of this Moorage Agreement and agree to be bound by them.

Date: _____ Licensee: _____ Harbour: _____

I acknowledge receipt of the Harbour's polices. PLEASE INTIAL: _____ (OPTIONAL)

ANNEX 3 – BASIC ACCOUNTING DEFINITIONS

Account – An account is the physical record of the transactions incurred related to an asset, liability, revenue, expense etc.

Accountant – An individual trained and knowledgeable in the profession of accountancy and who is preferably a member of a professional accounting organization (e.g., a CGA, CMA or CA).

Accounting – functions include analyzing, interpreting and examining the results of the bookkeeping process and the information system design and development of controls and procedures.

Accrued Expense – A liability, created by consumption of economic benefit that has not been invoiced and does not require payment until a later date (e.g., accrued property taxes).

Asset – Anything of value owned or controlled by a corporation or individual—may be tangible or intangible and owned by the company that provides a future benefit.

Audit – An examination of records or financial accounts to verify their accuracy.

Balance – The amount arrived at by adding all debits and subtracting all credits to ensure total debits equal total credits.

Balance Sheet – A statement, at a particular point in time, of the financial position of a business or organization—divided into three parts—assets, liabilities and ownership (equity).

Bank Indebtedness – A balance of a bank account when funds withdrawn exceed funds deposited.

Bank Reconciliation – An analysis that accounts for the difference between the balance shown on the bank statement and the balance shown in the accounting records on a given date.

Bankrupt – A legal status of a person or corporation who/that is unable to pay his/her/its debts as they become due and who/that has made a transfer of property or of a right or interest in property to a trustee for the benefit of creditors.

Bankruptcy – The state of being bankrupt.

Bookkeeping – The recording of financial transactions, electronically or manually and all work in support of the accounting process, including verification of accuracy.

Budget – A monetary plan, that may be simple or very detailed, with a forecast of cash flows, revenue, expenses and profit or loss over a future period, usually one year or one operating cycle. A budget is a plan of action expressed in financial terms.

Canada Revenue Agency (CRA) – The federal body responsible for interpreting and applying tax laws and regulations and collecting the tax from individuals, corporations and trusts in Canada.

Certified General Accountant – A professional accountant who is a member of the Certified General Accountants Association of Canada. This nationally recognized designation is given to those who successfully complete its program of professional studies and other academic and experience requirements.

Certified Management Accountant – A professional accountant who is a member of the Society of Management Accountants of Canada.

Chartered Accountant – A professional accountant who is a member of the Canadian Institute of Chartered Accountants.

Chartered Certified Accountant – A professional accountant who is a member of the Association of Chartered Certified Accountants, the world's largest and fastest-growing global professional accounting body.

Credit – An entry recording an increase to a liability or owner's equity or revenue or a reduction to an asset or expense. Credits are recorded in the right hand column of an account or a two-column book and are the opposite of a debit.

Current Asset – Unrestricted cash, or another asset, which is expected to be converted into cash or consumed in the production of income within the greater of one year and the normal operating cycle.

Current Liability – A liability expected to be liquidated in the greater of one year and the normal operating cycle, excluding any liability otherwise classified as current, which will be settled from other than current assets.

Debit – An entry recording an increase to an asset or expense or a reduction to a liability, revenue or owner's equity. Debits are recorded in the left hand column of an account or a two-column book and are the opposite of a credit.

Deficit – A negative amount (debit balance) of retained earnings caused by cumulative losses and dividend distributions exceeding cumulative net income.

Financial Statements – Formal financial reports prepared from accounting records (e.g., balance sheet, statement of retained earnings, statement of income, cash flow statement).

Fiscal Year – A period of one year for which financial statements are prepared that may or may not coincide with the calendar year.

General Journal - The journal in which transactions are recorded. In a small operation the general journal may be the only book of original entry.

General Ledger – A ledger in which all the assets, liabilities, equity, revenue and expenses are posted and from which financial statements are prepared.

Income – Money or its equivalent, earned periodically by an individual, a corporation, etc. in return for goods or services provided. Income is the opposite of a loss.

Internal Audit – An independent and objective assurance and consulting activity, designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluation; and it approves the effectiveness of risk management, controls and governance processes.

Invoice – A document for goods purchased or services rendered, showing details such as quantities, prices, dates, shipping details, order numbers, terms of sale, etc.

Journal – A book of original entry in which financial transactions are recorded (e.g., a purchase journal is a record of purchase transactions).

Ledger – A book of final entry containing all the accounts of a business or all the accounts of a particular type (e.g., general ledger, accounts receivable ledger).

Liability – An amount owed, not necessarily due to be paid immediately, an obligation to remit assets or services at a future date.

Loss – The excess of expenditures over revenues. A loss is the opposite of income/profit.

Management Accounting – Accounting concerned with providing information to managers; that is, to those who are inside an organization and who direct and control operations. Management accounting includes cost accumulation for product and job costing, budgeting and financial statement analysis.

Net Income – The excess of total revenue over total expenses for a period of time

Net Worth – The total assets less total liabilities.

Overhead – All costs associated with production of goods or services other than direct costs, for example, the cost of heating a factory or the cost of support staff in an accounting firm.

Payable – An obligation to pay a sum at a future date.

Payroll – A record of wages or salaries paid or payable, the actual wages and salaries paid during a given period.

Projection – A forecast of expected business results that considers one or more possible changes to the environment, policies or processes, which will affect future outcomes.

Receivable – An amount to be received at a future date.

Revenue – Gross proceeds from the sale of goods or services interest and dividends earned on investments and a source of income.

Statement – A summary of an account for a period of time (usually one month) showing invoices, credits and balance due, provided to a customer by a supplier.

Statement of Cash Flows – A financial statement showing the effect of operating, financing and investing activities for a stated period of time. Also known as the cash flow statement, statement of operating, financing and investing activities or statement of changes in cash resources

Variance – The difference between standard cost and actual cost and the difference between an actual revenue or expense item and the budget for that item (budget variance).

Source: ABCs of Accounting: Accounting Definitions Copyright © Certified General Accountants of Ontario, 1994, 1999, 2000, 2002, 2004, 2006, 2007. ISBN 0-9690132-2-1