

**THE CORPORATION OF THE CITY OF WELLAND
THE CORPORATION OF THE TOWN OF GRIMSBY
THE CORPORATION OF THE CITY OF PORT COLBORNE
THE CORPORATION OF THE CITY OF NIAGARA FALLS
THE CORPORATION OF THE TOWN OF LINCOLN
THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
THE CORPORATION OF THE TOWN OF PELHAM
THE CORPORATION OF THE CITY OF THOROLD
THE CORPORATION OF THE TOWNSHIP OF WAINFLEET**

- and -

NIAGARA EMPLOYMENT AGENCY INC.

Processing Agreement

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THIS AGREEMENT made as of the day of , 1992.

B E T W E E N:

**THE CORPORATION OF THE CITY OF WELLAND
THE CORPORATION OF THE TOWN OF GRIMSBY
THE CORPORATION OF THE CITY OF PORT COLBORNE
THE CORPORATION OF THE CITY OF NIAGARA FALLS
THE CORPORATION OF THE TOWN OF LINCOLN
THE CORPORATION OF THE TOWN OF NIAGARA-ON-THE-LAKE
THE CORPORATION OF THE TOWN OF PELHAM
THE CORPORATION OF THE CITY OF THOROLD
THE CORPORATION OF THE TOWNSHIP OF WAINFLEET**

(hereinafter collectively referred to as "Area Municipalities")

- and -

NIAGARA EMPLOYMENT AGENCY INC., a corporation duly incorporated pursuant to the laws of the Province of Ontario operating as Niagara Recycling

(hereinafter referred to as "Niagara")

WHEREAS the Area Municipalities recognize the requirement to divert materials from landfill sites within the Region of Niagara through the reduction, reuse and recycling of waste;

AND WHEREAS the Area Municipalities have determined that in order to divert materials from landfill sites, Niagara shall be engaged to perform certain processing and marketing services, as hereinafter defined;

AND WHEREAS Niagara has agreed to perform such services on and subject to the terms and conditions contained in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained and upon the terms and conditions expressed herein, the parties hereto agree with each other and their respective administrators, successors and assigns as follows:

I. DEFINITIONS

- A. "Annual Operating Budget" shall mean Niagara's forecast of all gross operating costs and revenues for a fiscal year of operating the Recycling Program. The Annual Operating Budget shall reflect the level of services as defined in this Agreement unless otherwise directed by the Area Municipalities and agreed to by Niagara.
- B. "Area Municipalities" shall mean all of the following acting jointly pursuant to an agreement between them dated the day of 1992:

- L. "Residue" shall mean the waste received by Niagara from the Area Municipalities which is not recyclable and must be transported to landfill sites for disposal.

II. SCHEDULES

- A. List of Assets Owned by Niagara.
- B. Financial Statements dated March 31, 1992.
- C. Supplementary Letters Patent of Niagara.

III. PROVISION OF SERVICES

- A. The Area Municipalities hereby employ Niagara to receive, process, store as required and market Recyclable Materials generated by the Recycling Program as and when delivered to the Recycling Facility by the Area Municipalities. Without effecting the generality of the foregoing, Niagara agrees to receive, process, store and market Recyclable Materials which are delivered to the Recycling Facility by the Area Municipalities.

The parties hereto agree that Niagara has commenced the Recycling Program by providing the Basic Recycling Service from the 1st day of April, 1992.

The Area Municipalities and Niagara agree that Niagara shall implement the processing, storing and marketing of Recyclable Materials over and above the Basic Recyclable Materials at such times and from time to time as Niagara and any area municipality may mutually agree, and at such additional costs as Niagara and any area municipality may mutually agree.

IV. TERM OF CONTRACT

- A. This contract shall commence on the 1st day of April, 1992, and be for a period of five (5) years terminating on the 31st day of March, 1997. Provided that the parties may in writing extend the term of the contract or renew the contract for any period or periods as they may mutually agree.

V. RESPONSIBILITY OF NIAGARA

- A. Niagara covenants and agrees as follows:

1. New Material

- a. In conjunction with the Area Municipalities to expand the Recycling Program to include Recyclable Materials other than the Basic Recyclable Materials;

Materials and the cost of same shall be included within the Annual Operating Budget;

7. Deliveries

- a. to provide an area at the Recycling Facility at which deliveries of Recyclable Materials may be made both during and outside normal business hours;

8. Marketing

- a. to actively market all Recyclable Materials on behalf of the Area Municipalities. Niagara will use its best efforts to obtain the highest possible price therefor;

9. Records

- a. to maintain proper financial records prepared in accordance with generally accepted accounting principles with respect to all matters related to the Area Municipalities. Annual audited financial statements will be submitted to the Area Municipalities no later than June 30th of the next fiscal year of Niagara and in any event no later than ninety (90) days after the end of Niagara's fiscal year. The books of Niagara will be open to audit by the Area Municipalities. Niagara agrees to provide any and all information required by the Area Municipalities to support its claims for subsidy for the Recycling Program including its unaudited monthly financial statements, if necessary;

10. Worker's Compensation Board

- a. to comply with the provisions of the *Worker's Compensation Act* and to provide the Area Municipalities with a Certificate of Clearance upon execution of this Agreement;

11. Assignment

- a. not to assign or subcontract in part or in whole this Agreement without the prior written consent of the Area Municipalities;

12. Expansion

- a. to participate with the Area Municipalities in the continuing expansion and development of the Recycling Program in the Regional Municipality of Niagara accommodating the addition of other Recyclable Materials.

13. Insurance

- a. to purchase and maintain in force, at its own expense, and to pay all deductibles, the following policies of insurance, payable in relation to claims during the currency of the agreement, the following policies of insurance which policies shall be in a form acceptable to the Area Municipalities and to deliver to the Area Municipalities, upon the execution of this Agreement, a certificate of these policies originally signed by an authorized agent of the insurance company being delivered to the Area Municipalities upon execution of this Agreement:
 - (1) Commercial General Liability in the amount of not less than Two Million (\$2,000,000) dollars per claim or occurrence with:
 - (a) Provisions for blanket contractual liability, owner's/contractor's protective liability; completed operations liability; contingent employer's liability, premises and operations liability; Broad Form Property Damage; Occurrence Property Damage; and personal injury liability arising out of false prosecution, libel, slander, defamation of character, invasion of privacy or wrongful eviction;
 - (b) Not less than thirty (30) days' prior written notice to the Area Municipalities of any cancellation, termination, expiry or amendment of or change to the policy.

14. Observance of Laws

- a. to observe, abide by and comply promptly with the laws of the Province of Ontario and with all requirements of all municipal and licensing authorities, including but not limited to the Ministry of the Environment, Ministry of Labour, and all other lawful authorities respecting the services to be provided by Niagara under this Agreement. Niagara shall also obtain all appropriate certificates, approvals and licenses;

15. Access to Recycling Facility

- a. to permit the Area Municipalities or its representatives free access, upon reasonable notice, to the Recycling Facility to inspect the operations of Niagara to satisfy itself that Niagara is conducting its business in a proper manner in accordance with this Agreement;

16. Amendment of Letters Patent

- a. to amend its existing Letters Patent to provide that upon the dissolution, liquidation or winding-up of Niagara that its assets shall be distributed to the Area Municipalities and that it will not amend this term of its Letters Patent without the prior written consent of the Area Municipalities;

VI. RESPONSIBILITY OF AREA MUNICIPALITIES

A. The Area Municipalities covenant and agree as follows:

1. Delivery of Recyclable Materials

- a. The Area Municipalities agree that during the term of this agreement any and all Recyclable Materials collected by the Area Municipalities or any of its employees, servants, agents, successors or assigns or by any independent contractor on behalf of the Area Municipalities shall be delivered to Niagara for processing pursuant to this agreement.

2. Promotion

- a. to promote citizen participation in the Recycling Program and to consult with Niagara in the development and distribution of effective promotional materials and strategies;

3. Initiation

- a. to initiate expansion of the Recycling Program to include new Recyclable Materials.

4. Marketing

- a. to assist Niagara with marketing activities;

5. Research

- a. to conduct research and provide input into the adoption of additional Recyclable Materials into the Recycling Program and to advise and confer with Niagara as to the feasibility and practicality of adding new Recyclable Materials;

- B. Niagara may dispose of its Residue at the applicable municipal tipping fee rate account at locations designated by the Area Municipalities.
- C. For the purposes of this Agreement, Niagara, acting reasonable, shall determine whether all or any portion of the materials is Residue, or whether all or any portion of the materials is Recyclable Materials to be marketed as required hereunder, and such assessment shall be final and binding on the Area Municipalities.

VIII.

COMPENSATION

- A. Compensation shall be only for services as defined by Article III of this Agreement. Niagara assumes responsibility for expenses incurred as a result of activities other than those contained herein, including, but not limited to, training programs, private contracts and special projects.

- B. During each year of the term of this Agreement, the area municipalities shall pay to Niagara a contract fee based on Niagara's Annual Operating Budget. The contract fee for the year 1992 shall be Forty-One Dollars and Twenty-One Cents (\$41.21). The said contract fee is the cost per tonne to provide the Basic Recycling Service.

Should any of the area municipalities require Niagara to provide more than the Basic Recycling Service then Niagara and the area municipalities shall agree upon the additional contract fee to be paid by the area municipalities to Niagara for any such additional services.

- C. Each area municipality agrees to pay Niagara the Basic Contract Fee and any additional contract fees on the 30th day following the date of the receipt of the invoice by the particular area municipality.
- D. Niagara shall submit its Annual Operating Budget for each year, on or before the 31st day of January of the year immediately preceding the year for which the Annual Operating Budget is to be applied or such other date as the Area Municipalities may direct. The Annual Operating Budget shall set out a contract fee based upon the processing services provided by Niagara to the Area Municipalities and the tonnage of material processed by Niagara for each area municipality together with the justification for any change of the 1992 contract fee. The contract fee for each year of this contract shall be the 1992 contract fee together with any change which is approved by the Area Municipalities after consideration of the Annual Operating Budget.
- E. Niagara shall report quarterly (for the quarters ending at the end of March, June, September and December) its performance compared to the Annual Operating Budget to the Area Municipalities. The said reports shall also include verification and full details of all deliveries of Recyclable Materials for the preceding reporting period, including, but not limited to, the quantities received by end users, revenues from sales, weight of discarded process residues and actual operating expenses incurred by Niagara.

- H. Except as provided herein, the provisions of the *Arbitrations Act*, R.S.O. 1990, chapter A-24, as amended from time to time, shall apply to the arbitration.

XIII. EARLY TERMINATION

- A. The parties hereto agree that the Area Municipalities may, in its sole discretion, terminate this Agreement without notice or delay upon the happening of any of the following events:
1. Niagara becomes insolvent or generally unable to pay its debts as they become due;
 2. Niagara makes an assignment in bankruptcy;
 3. the Area Municipalities receive written notice from Niagara of its inability to perform its responsibilities and obligations under this Agreement; or
 4. Niagara commences procedures to wind-up the corporation or surrender its Letters Patent.
- B. The parties hereto agree that the Area Municipalities shall have the exclusive option of terminating this Agreement at any time by reason of:
1. any fraud or dishonesty of any officer, employee, agent or servant of Niagara for which there has been no satisfactory remedial action taken by Niagara within seven (7) days of being notified thereof in writing by the Area Municipalities; or
 2. any substantial breach of this Agreement by Niagara that continues unremedied after the expiry of thirty (30) days from the receipt of written notice from the Area Municipalities of the substantial breach of this Agreement by Niagara.

upon giving Niagara at least thirty (30) days prior written notice of the Area Municipalities' exercise of this option to terminate.

XIV. RELATIONSHIP OF THE PARTIES

- A. Nothing contained herein shall be construed to mean that the Area Municipalities and Niagara are partners or joint venturers or have any relationship other than that of principal and independent contractor.

XV. ASSIGNMENT

- A. Niagara shall have no right to assign its obligations under this Agreement without the prior written consent of the Area Municipalities.

XVI. TIME OF THE ESSENCE

- A. Time shall, in all respects, be of the essence hereof.

XVII. PROPER LAW

- A. This Agreement shall be governed by the laws of Ontario and the laws of Canada applicable therein.

XVIII. FORCE MAJEURE

- A. No party to this Agreement shall be liable to any other party and no party to this Agreement shall be deemed in default under this Agreement, for any failure or delay to perform any of its obligations or responsibilities caused by or arising out of any act not within the control of the party excluding a lack of funds, but including, without limitation, acts of God, strikes, lockouts or other industrial disputes, acts of the public enemy, riots, fire, storm, flood, explosions, federal or provincial governmental restrictions, unavailability of equipment or other causes whether of the kind enumerated above or otherwise, which is not reasonably within the control of the party. No right of a party shall be affected by failure or delay of the party to meet any terms of this Agreement, which failure or delay is caused by one of the events above referred to and, accordingly, all times provided for in the Agreement shall be extended for a period commensurate with the period of delay and, in so far as possible, the party affected shall take all reasonable steps to remedy the delay caused by the events above referred to, provided, however, that nothing contained in this paragraph shall require any party to settle any industrial dispute.

- B. In the event of a market collapse or a significant interruption thereof for a specific Recyclable Material or Recyclable Materials, the parties agree that Niagara and the Area Municipalities will make all reasonable efforts to direct said Recyclable Materials to alternate market outlets. The Area Municipalities may also direct Niagara to arrange for interim storage, additional baling or compaction, long distance haulage to appropriate market outlets, or disposal of the Recyclable Materials. The Area Municipalities will be responsible for shipping, storage or operating costs incurred beyond those which would form part of Niagara's approved Annual Operating Budget.

In extreme cases, where the Area Municipalities deem it necessary, the Area Municipalities may direct Niagara to curtail its activities. If activities are so curtailed, the Area Municipalities and Niagara shall agree upon an adjustment of the contract fee, and enact such adjustment accordingly, during the curtailment period.

- C. In the event that no reasonable alternate market outlet exists, the Area Municipalities shall determine the appropriate means of final disposition of the Recyclable Materials. The Area Municipalities will be responsible for the related disposition costs incurred beyond those which form part of Niagara's approved Annual Operating Budget.

XIX. ASSETS

- A. The Area Municipalities and Niagara agree that Schedule "A" attached hereto details the ownership and status of all current assets used by Niagara under this Agreement. Title to said current assets is and shall remain with the owners described in said Schedule "A". This Schedule will be reviewed jointly by the Area Municipalities and Niagara and

revised as necessary to reflect equipment obsolescence, new acquisitions and modifications to the projected operating plan.

- B. The parties hereto agree that any assets which are purchased during the term of this Agreement for use by Niagara in providing the Recycling Services to the Area Municipalities shall be beneficially owned by the Area Municipalities, and the Area Municipalities agree to make those assets available to Niagara for its exclusive use in performing its obligations pursuant to this Agreement. The processing equipment purchased pursuant to this agreement are to be used for the benefit of the Area Municipalities.
- C. Niagara agrees that it will not dispose of any of its processing equipment set out in Schedule "A" without the prior written consent of the Area Municipalities.

XX. HEADINGS

- A. Headings of articles and sections hereof are inserted for a convenience of reference only and shall not affect the construction and interpretation of this Agreement.

XXI. FORMALITIES

- A. It is agreed that this Agreement shall be read with such changes of gender, number, and corporate status as context may require.

XXII. FURTHER ASSURANCES

- A. Each of the parties shall, from time to time, and at the request of the party requesting the same do all such further acts and things and execute and deliver such further instruments and documents as may be necessary or desirable to give effect to this Agreement.

IN WITNESS WHEREOF the parties have duly executed this Agreement by their proper authorized officers in that behalf as of the date first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

) **THE CORPORATION OF THE CITY OF WELLAND**
) Per:

) _____
)

) **THE CORPORATION OF THE TOWN OF GRIMSBY**
) Per:

) _____
)

)
)
)

) THE CORPORATION OF THE CITY OF PORT
) COLBORNE

) Per:

) _____
)

) THE CORPORATION OF THE CITY OF NIAGARA
) FALLS

) Per:

) _____
)

) THE CORPORATION OF THE TOWN OF LINCOLN

) Per:

) _____
)

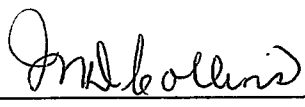
) THE CORPORATION OF THE TOWN OF NIAGARA-ON-
) THE-LAKE

) Per:

) _____
)

) THE CORPORATION OF THE TOWN OF PELHAM

) Per:

) 
) _____

) THE CORPORATION OF THE CITY OF THOROLD

) Per:

) _____
)

) THE CORPORATION OF THE TOWNSHIP OF
) WAINFLEET

) Per:

) _____
)

) **NIAGARA EMPLOYMENT AGENCY INC.**
) **Per:**
)
) _____
)
)

SCHEDULE "A"

List of Assets Owned by Niagara

FIXED ASSETS

FINANCING

1. Office Equipment
 - furniture and office equipment
 - photocopier
 - computer/printers/network system
2. 1 - Bobcat Skid Steer Loader @ \$25,000.00
3. Sortator (Tin/Aluminum & Glass)
(including can flattener)
4. Aluminum Biscuiter
5. Steel Densifier
6. Scale
7. 2 - Forklift - rented "Clark"
8. 8 - Self Dumping Bins
10 - Wooden Bins
10 - Plastic Bins
8 - Roll-off Containers - 4 x 40 yard
 - 4 x 30 yard
7 - Roll-off Containers - 50 Yard Dumpster
9. Paper Handling System - Parsons-Shaw
Recycling Sorting System
10. John Deer 244B Loader
John Deer 244B Loader
11. Perforator
12. Baler
13. Floor Sweeper

Crusader Leasing

National Bank

National Bank
A H Van Camp

Hanna Paper

TRUCK INFORMATION -- 1992

<u>Truck #</u>	<u>Year</u>	<u>Make</u>	<u>Plate #</u>	<u>Serial Number</u>	<u>Leased From</u>	<u>Payment</u>	<u>Insurance</u>	<u>Plates</u>
Curbside								
4	89	Intn'l	TF5996	1HTLDTVROKH650092	National Bank	2125.00	2155	592
5	85	Intn'l	TF8838	1HTKCHXL9FHA18791			1954	549
6	85	Intn'l	TF8839	1HTLCHXL7FHA18630	G.E. Capital	550.51	1954	549
7	86	Intn'l	OW6883	1HTLCHXL3GHA43848			2006	549
8	88	Intn'l	OZ6787	1HTLDZZR6JH594607	National Bank)	3765.00	2213	592
9	88	Intn'l	OZ6824	1HTLDZZRXJH594609	National Bank)		2213	592
10	88	Intn'l	OZ6823	1HTLDZZR8JH594608	National Bank)		2213	592
11	88	Intn'l	OZ6825	1HTLDZZR6JH594610	National Bank)		2213	592
12	89	Intn'l	RT3212	1HTLDZZR6KH678489			2272	592
14	89	Intn'l		1HTLBZZRXKH667415	Port Colborne	\$1+R&M		
15	90	Intn'l	VB1458	1HTSDZZN9LH262589	National Bank	2463.74	2213	592
18	91	Intn'l	VM9763	1HTSDZ4N5MH290110			2272	592
19	91	Intn'l	VR9904	1HTSDZ4N3MH290123	National Bank)	3968.66	2098	592
20	91	Intn'l	VR9918	1HTSDZ4N5MH290124	National Bank)		2098	592
22	88	Ford	XD5269	1FDXJ75A2JVS1750			1917	
23	91	Intn'l		New Vehicle--information to be provided				

HAULAGE TRUCKS

2	89	Mack	RT1494	2M2B179C7KC004078	Lyons Leasing	3007.80	2705	1068
21	89	Mack	TF5959	2M2B179C5KC004371	Lyons Leasing	3422.00	1800	1510
		Ali Tailer	F56075	2A91FS325KH005013			742	

COMMERCIAL TRUCKS

		Van						
3	80	Intn'l	LW5203	AA185KCA1685			1167	549
16	85	Intn'l	VB1911	HTLDTV3FHA59408	G.E. Capital	550.51	1387	937
17	89	GMC	VK1460	2GDJG31J5K4510046	Neal Pontiac	628.24	1387	139

SCHEDULE "B"

NIAGARA EMPLOYMENT AGENCY INC.

Financial Statements
for the Year Ended March 31, 1992
and Auditors' Report to the Trustees

NIAGARA EMPLOYMENT AGENCY INC.

FINANCIAL STATEMENTS

MARCH 31, 1992

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NIAGARA EMPLOYMENT AGENCY INC.

STATEMENT OF REVENUE AND SURPLUS

YEAR ENDED MARCH 31, 1992

	<u>1992</u>	<u>1991</u>
REVENUE		
Sales	\$1,261,532	\$1,135,025
Provincial operating grants	3,170	99,692
Municipal diversion credits	1,343,826	988,425
Warehouse rental	-	8,960
Processing fees	252,965	51,757
Other	<u>53,849</u>	<u>-</u>
	2,915,342	2,283,859
OPERATING EXPENSES - Page 10	<u>2,107,474</u>	<u>2,496,253</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE DEPRECIATION AND AMORTIZATION AND OTHER ITEMS	807,868	(212,394)
DEPRECIATION AND AMORTIZATION	<u>(160,999)</u>	<u>(144,846)</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) BEFORE OTHER ITEMS	646,869	(357,240)
ADJUSTMENT OF PRIOR YEAR'S FUNDING	<u>-</u>	<u>(54,853)</u>
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	646,869	(412,093)
DEFICIT, BEGINNING OF YEAR	<u>(481,403)</u>	<u>(69,310)</u>
SURPLUS (DEFICIT), END OF YEAR	\$ <u>165,466</u>	\$ <u>(481,403)</u>

NIAGARA EMPLOYMENT AGENCY INC.BALANCE SHEETMARCH 31, 1992

	<u>1992</u>	<u>1991</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 4)	\$ 101,768	\$ -
Accounts receivable	389,769	303,296
Grants receivable	-	214
Inventory	14,316	11,192
Prepaid expenses	<u>22,772</u>	<u>17,694</u>
	528,625	332,396
FIXED ASSETS (Note 2)	378,913	375,876
VEHICLES AND EQUIPMENT UNDER CAPITAL LEASE (Note 3)	<u>110,717</u>	<u>63,220</u>
	<u>\$1,018,255</u>	<u>\$ 771,492</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Bank indebtedness (Note 4)	\$ -	\$ 125,638
Accounts payable and accrued charges (Note 5)	196,581	410,366
Deferred grants (Note 6)	103,278	106,662
Due to OMMRI (Note 7)	126,772	126,772
Current portion of obligations under capital lease	63,999	25,371
Current portion of long-term debt	<u>190,018</u>	<u>147,829</u>
	680,648	942,638
OBLIGATIONS UNDER CAPITAL LEASE (Note 8)	107,464	83,880
LONG-TERM DEBT (Note 9)	<u>64,677</u>	<u>226,377</u>
COMMITMENTS (Note 10)	852,789	1,252,895
<u>SURPLUS</u>		
SURPLUS (DEFICIT)	<u>165,466</u>	<u>(481,403)</u>
Approved by the Board:	<u>\$1,018,255</u>	<u>\$ 771,492</u>
.....Trustee		
.....Trustee		

NIAGARA EMPLOYMENT AGENCY INC.STATEMENT OF CHANGES IN FINANCIAL POSITIONYEAR ENDED MARCH 31, 1992

	<u>1992</u>	<u>1991</u>
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue) before extraordinary item	\$646,869	\$(412,093)
Depreciation and amortization, items not affecting cash	<u>160,999</u>	<u>144,846</u>
	807,868	(267,247)
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	(86,474)	(79,493)
Grants receivable	214	69,643
Inventory	(3,124)	933
Prepaid expenses	(5,078)	7,471
Accounts payable and accrued charges	(213,785)	105,265
Due from Modern Recycling Inc.	-	39,217
Due to OMMRI	-	126,772
Deferred grants	(3,384)	106,662
Due to Ministry of the Environment	<u>-</u>	<u>(25,750)</u>
	<u>496,237</u>	<u>83,473</u>
FINANCING ACTIVITIES		
Net change in capital lease and long-term debt	<u>(57,299)</u>	<u>85,412</u>
INVESTING ACTIVITIES		
Additions to fixed assets		
Production equipment	(90,118)	(183,048)
Containers	(9,594)	(15,776)
Vehicles	(8,489)	(315,123)
Furniture and equipment	(3,191)	(11,446)
Radio equipment	(648)	(8,116)
Leasehold improvements	-	(12,838)
Curbside containers	(999)	(5,117)
Trailers	(8,897)	-
Additions to vehicles and equipment under capital lease	(94,946)	(20,265)
Capital grants received	-	330,509
Proceeds on disposal of production equipment	5,000	-
Proceeds on disposal of curbside containers	<u>350</u>	<u>-</u>
	<u>(211,532)</u>	<u>(241,220)</u>
INCREASE (DECREASE) IN CASH	227,406	(72,335)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>(125,638)</u>	<u>(53,303)</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	<u>\$101,768</u>	<u>\$(125,638)</u>
CASH (BANK INDEBTEDNESS) IS REPRESENTED BY:		
Cash	\$ 26,488	\$ -
Bank overdraft	-	(30,638)
Bank indebtedness	-	(95,000)
Term deposits	<u>75,280</u>	<u>-</u>
	<u>\$101,768</u>	<u>\$(125,638)</u>

NIAGARA EMPLOYMENT AGENCY INC.NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1992

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of operations

The Agency is a nonprofit organization which is partially funded by the Ministry of the Environment and is engaged in providing recycling services to municipalities in the Niagara Region as well as providing a sheltered industry for handicapped adults.

Provincial operating grants

The Agency recognizes revenue from government grants using the accrual method. These grants are subject to final approval by the Ministry of the Environment and any adjustments are recorded by the Agency in the year in which the adjustment is received.

Fixed assets

Vehicle and equipment are recorded at cost and are depreciated on the declining balance basis with a full year's depreciation being recorded in the year of addition and none in the year of disposal. Leasehold improvements are being amortized on the straight-line basis. The rates used are as follows:

Equipment and containers	- 20%
Radio equipment	- 20%
Vehicle	- 30%
Leasehold improvements	- 20%

Equipment under capital lease

Long-term leases in which the Agency acquires substantially all the benefits and risks incident to ownership are accounted for as additions to leased equipment. The asset value and related obligation are recorded at the present value of the future minimum lease payments using an appropriate discount rate. The asset is amortized on the diminishing balance basis at the following rates, commencing in the month of purchase.

Metal containers	- 20%
Vehicles	- 30%

All other items of equipment held on lease are accounted for as operating leases.

Capital grants

Capital grants related to the purchase of vehicles and equipment are recorded as deferred credits (see Note 2) and are being amortized on the declining-balance basis at rates equivalent to the depreciation rate of the asset being funded.

Capital grants related to the vehicles and equipment under capital leases have been applied to reduce the capital leases (see Note 3).

NIAGARA EMPLOYMENT AGENCY INC.NOTES TO THE FINANCIAL STATEMENTSMARCH 31, 1992

2. FIXED ASSETS

	<u>1992</u>		<u>1991</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Production equipment	\$ 591,151	\$ 267,090	\$324,061
Containers	33,102	14,004	19,098
Depots	25,494	20,147	5,347
Furniture and equipment	48,887	26,991	21,896
Radio equipment	34,705	18,282	16,423
Trailers	8,897	2,669	6,228
Vehicles	991,287	650,839	340,448
Curbside containers	191,576	134,016	57,560
Leasehold improvements	<u>57,666</u>	<u>30,819</u>	<u>26,847</u>
	1,982,765	1,164,857	817,908
Capital grants	<u>(1,153,512)</u>	<u>(714,517)</u>	<u>(438,995)</u>
	<u>\$ 829,253</u>	<u>\$ 450,340</u>	<u>\$378,913</u>
			<u>\$375,876</u>

3. VEHICLES AND EQUIPMENT UNDER CAPITAL LEASE

	<u>1992</u>	<u>1991</u>
Vehicles	\$217,211	\$122,265
Metal containers	27,200	27,200
Less capital grants	<u>(29,947)</u>	<u>(29,947)</u>
	214,464	119,518
Less accumulated depreciation	<u>(103,747)</u>	<u>(56,298)</u>
	<u>\$110,717</u>	<u>\$ 63,220</u>

4. CASH (BANK INDEBTEDNESS)

	<u>1992</u>	<u>1991</u>
Cash (bank overdraft)	\$ 26,488	\$(30,638)
Term deposits	75,280	-
Operating loan	<u>-</u>	<u>(95,000)</u>
	<u>\$101,768</u>	<u>\$(125,638)</u>

Advances by the Royal Bank of Canada are on a demand basis with interest calculated at 1-1/2% above the bank's prime rate which resulted in an effective rate of 9-3/4% at March 31, 1992. The advances are secured by a general security agreement covering all assets.

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NIAGARA EMPLOYMENT AGENCY INC.
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1992

5. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>1992</u>	<u>1991</u>
Trade payables	\$109,325	\$315,879
Employee deductions	35,285	20,328
Accrued charges	18,340	56,302
GST payable	<u>33,631</u>	<u>17,857</u>
	<u>\$196,581</u>	<u>\$410,366</u>

6. DEFERRED GRANTS

The MOE has approved the purchase of certain equipment and has agreed to fund approximately 1/3 of these expenditures. Grants received by the Agency in advance of incurring the related capital expenditures have been reported as deferred.

The equipment was acquired subsequent to year end. (See Note 10)

7. DUE TO OMMRI

As a result of declines in the market price of recycled materials, Ontario Multi-Material Recycling Incorporated (OMMRI) advanced funds to the Agency. These advances are due on demand and are non-interest bearing.

8. OBLIGATIONS UNDER CAPITAL LEASE

The following is a schedule of minimum lease payments under capital leases expiring June 1994, together with the balance of the obligation:

	<u>1992</u>	<u>1991</u>
Years Ending		
March 31, 1992	\$ -	\$ 42,649
1993	83,713	42,649
1994	83,713	42,649
1995	<u>28,234</u>	<u>5,975</u>
Total minimum lease payments	195,660	133,922
Less amount representing interest	<u>24,197</u>	<u>24,671</u>
	171,463	109,251
Less current portion	<u>63,999</u>	<u>25,371</u>
	<u>\$107,464</u>	<u>\$ 83,880</u>

NIAGARA EMPLOYMENT AGENCY INC.SCHEDULE OF OPERATING EXPENSESYEAR ENDED MARCH 31, 1992

	<u>1992</u>	<u>1991</u>
OPERATING EXPENSES		
Advertising	\$ 2,946	\$ 8,921
Audit	8,000	8,000
Legal, consulting and accounting	30,361	20,407
Bad debts	2,579	69,462
Employee benefits	140,350	117,460
Equipment rentals	21,030	8,222
Gas and oil	127,585	136,322
Insurance	41,597	53,620
Interest and service charges	9,202	12,801
Interest - long-term debt	55,646	83,470
Licences	12,088	6,725
Office and postage	13,138	12,472
Purchases	66,583	101,043
Rent	109,540	157,221
Repairs and maintenance		
Plant and equipment	115,777	179,354
Vehicles	207,705	196,622
Salaries	911,005	916,077
Shipping and waste disposal	137,907	286,077
Supplies, materials and sundry	42,548	51,637
Telephone	25,490	24,232
Travel	13,216	12,168
Vehicle rentals	<u>13,181</u>	<u>33,940</u>
	<u>\$2,107,474</u>	<u>\$2,496,253</u>

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Form 3
Corporations
Act
Formulaire
numéro 3
Loi sur les
compagnies et
associations

[illegible]

3. The resolution authorizing this application was confirmed by the shareholders/members of the corporation on
La résolution autorisant cette requête a été ratifiée par les actionnaires de la compagnie ou les membres de l'association le

under section 131	of the Corporations Act.
aux termes de l'article	de la loi sur les compagnies et associations.

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