2. SIGNIFICANT ACCOUNTING POLICIES, continued

d. Contributed Materials and Services

Volunteers contribute a significant amount of their time each year serving on the Board of Directors. Due to the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

Contributed materials and services which are used in the normal course of the North End Business Improvement Zone operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonable estimated.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

f. Financial Instruments

Initial and subsequent measurement
The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Transaction costs
Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.