
ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2019

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT

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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Almaguin Community Economic Development

Opinion

We have audited the financial statements of the Almaguin Community Economic Development ("the Organization") which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, change in net debt and cash flows for the three month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the three month period then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

North Bay, Canada
May 12, 2020

Chartered Professional Accountants
Licensed Public Accountants

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	2019
FINANCIAL ASSETS	
Due from the Township of Armour	\$ 6,342
LIABILITIES	
Accounts payable and accrued liabilities	9,056
Employee benefits payable (Note 2)	273
	9,329
NET DEBT	(2,987)
NON-FINANCIAL ASSETS	
Tangible capital assets - net (Note 3)	30,383
Prepaid expenses	2,714
	33,097
ACCUMULATED SURPLUS (Note 4)	\$ 30,110

APPROVED ON BEHALF OF COUNCIL:

_____ Reeve

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Budget 2019 (see Note 5)	Actual 2019
REVENUE		
Grants		
FedNor	\$ 37,500	\$ 16,837
NOHFC	8,125	-
OBIAA	-	11,856
Member contributions (Note 6)	26,250	31,489
Event contributions	-	721
Contributed tangible capital assets (Note 3)	30,796	30,796
TOTAL REVENUE	102,671	91,699
EXPENSES		
Salaries, wages and benefits	49,926	45,600
Materials and supplies	14,649	10,125
Contracted services	7,000	5,451
Rents and financial expenses	300	-
Amortization	410	413
TOTAL EXPENSES	72,285	61,589
ANNUAL SURPLUS (Note 4)	30,386	30,110
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	-	-
ACCUMULATED SURPLUS, END OF PERIOD	\$ 30,386	\$ 30,110

The accompanying notes are an integral part of these financial statements

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT
STATEMENT OF CHANGE IN NET DEBT
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	Budget 2019 (see Note 5)	Actual 2019
Annual surplus	\$ 30,386	\$ 30,110
Contributed tangible capital assets	(30,796)	(30,796)
Amortization of tangible capital assets	410	413
Change in prepaid expenses	-	(2,714)
Increase in net debt	-	(2,987)
Net debt, beginning of period	-	-
Net debt, end of period	\$ -	\$ (2,987)

The accompanying notes are an integral part of these financial statements

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT
STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2019

	2019
Operating transactions	
Annual surplus	\$ 30,110
Amortization	413
Change in employee benefits payable	273
Changes in non-cash items:	
Due from the Township of Armour	(6,342)
Accounts payable and accrued liabilities	9,056
Prepaid expenses	(2,714)
Contributed tangible capital assets	(30,796)
Cash provided by operating transactions and net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ -

The accompanying notes are an integral part of these financial statements

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

Period Ended December 31, 2019

Almaguin Community Economic Development ("ACED") was formed in October 2019 under a joint service agreement between:

- The Corporation of the Township of Perry (Perry);
- The Municipal Corporation of the Township of Armour (Armour);
- The Corporation of the Township of Ryerson (Ryerson);
- The Corporation of the Village of Sundridge (Sundridge);
- The Almaguin Highlands Chamber of Commerce (the Chamber of Commerce);
- The Corporation of the Municipality of Magnetawan (Magnetawan);
- The Corporation of the Municipality of the Village of Burk's Falls (Burk's Falls);
- The Corporation of the Township of Strong (Strong);
- The Corporation of the Village of South River (South River);
- The Corporation of the Municipality of Powassan (Powassan);
- The Corporation of the Township of Joly (Joly).

With the exception of Joly, each member party contributes equally to ACED. Joly contributes one-half of a share.

At commencement, ACED assumed the operating responsibilities of the Central Almaguin Economic Development Association--operated by Joly, South River, Strong and Sundridge--and of the Burk's Falls and Area Community Economic Development--operated by Armour, Burk's Falls, the Chamber of Commerce, Magnetawan, Perry and Ryerson. In addition, ACED received the net assets of the Burk's Falls and Area Community Economic Development.

Management Responsibility

The financial statements of ACED are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by ACED are as follows:

Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held at financial institutions and short-term deposits with original maturities of three months or less.

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS

Period Ended December 31, 2019

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(iv) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(v) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general purposes is reported as deferred revenue on the Statement of Financial Position. The revenue is reported on the Statement of Operations in the year in which it is used for the specific purpose.

(vi) Pensions and employee benefits

ACED accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

(vii) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that ACED may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT**NOTES TO THE FINANCIAL STATEMENTS**

Period Ended December 31, 2019

2. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave for qualifying employees can accumulate without limit. There is no vesting of sick leave. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$273 at the end of the year.

3. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Burk's Falls and Area Community Economic Development were transferred to ACED in 2019. Details of these assets are provided below.

2019	
	Land Improvements
COST	
Balance, beginning of period	\$ -
Contributed capital assets	33,025
BALANCE, END OF PERIOD	33,025
ACCUMULATED AMORTIZATION	
Balance, beginning of period	-
October 1 to December 31 amortization	413
Accumulated amortization - contributed assets	2,229
BALANCE, END OF PERIOD	2,642
TANGIBLE CAPITAL ASSETS-NET	\$ 30,383

4. ACCUMULATED SURPLUS

The 2019 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Period	Annual Surplus (Deficit)	Balance End of Period
Tangible capital assets	\$ -	\$ 30,383	\$ 30,383
Unfunded employee benefits	-	(273)	(273)
	\$ -	\$ 30,110	\$ 30,110

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT**NOTES TO THE FINANCIAL STATEMENTS**

Period Ended December 31, 2019

5. BUDGET FIGURES

The budget adopted for the current period was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Change in general operating surplus	\$ -
ADJUSTMENTS:	
Contributed tangible capital assets	30,796
Amortization of tangible capital assets	(410)
ANNUAL SURPLUS	\$ 30,386

6. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes ACED's related party transactions with its contributing members during the period October 1, 2019 to December 31, 2019:

	2019
Member Contributions	
Perry	\$ 2,999
Armour	2,999
Ryerson	2,999
Sundridge	2,999
Chamber of Commerce	2,999
Magnetawan	2,999
Burk's Falls	2,999
Strong	2,999
South River	2,999
Powassan	2,999
Joly	1,499
	31,489

At the end of the year, amounts due from contributing members are as follows:

Armour	\$ 6,342
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The amounts due are non interest bearing, with no specific terms of repayment.

ALMAGUIN COMMUNITY ECONOMIC DEVELOPMENT**NOTES TO THE FINANCIAL STATEMENTS**Period Ended December 31, 2019

7. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since ACED's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided. Supplementary expenses by object information has been omitted as it would not provide additional information not readily determinable from the financial information provided on the Statement of Operations.

8. PENSION AGREEMENTS

ACED makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million with respect to benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, ACED does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2019 was \$1,496 for current service and is included as an expense on the Statement of Operations.

9. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

ACED has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of ACED for future periods.