

THE LOCAL SERVICES BOARD OF MELGUND

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Local Services Board of Melgund:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **The Local Services Board of Melgund(TLSBM)** which comprise the balance sheet as at September 30, 2023 and the statements of operations and net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of TLSBM as at September 30, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, TLSBM derives revenue from community fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of that revenue was limited to the amounts recorded in the records of TLSBM. Therefore, we were not able to determine whether any adjustments might be necessary to community fundraising revenue and excess (shortfall) of revenue over expenditure and cash flows from operations for the years ended September 30, 2023 and September 30, 2022, current assets as at September 30, 2023 and September 30, 2022, and net assets as at September 30, 2023 and September 30, 2022. Our audit opinion on the financial statements for the year ended September 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 TLSBM in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we fulfilled our 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, 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 TLSBM's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate TLSBM or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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.

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Obtain an understanding of internal control relevant to the TLSBM's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TLSBM'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 TLSBM'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 TLSBM 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.

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.

Winters & Company

Dryden, Ontario
May 12, 2024

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

THE LOCAL SERVICES BOARD OF MELGUND

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT		
Cash	\$ 67,174	\$ 119,165
Accounts receivable, note 4	14,940	19,576
Prepaid expenditure	<u>1,157</u>	<u>1,105</u>
	<u>\$ 83,271</u>	<u>\$ 139,846</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities, note 5	\$ 6,497	\$ 12,156
Deferred revenue, note 6	<u>26,632</u>	<u>82,083</u>
	<u>33,129</u>	<u>94,239</u>
NET ASSETS		
NET ASSETS	<u>50,142</u>	<u>45,607</u>
	<u>\$ 83,271</u>	<u>\$ 139,846</u>

NATURE OF OPERATIONS, note 1

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL

STATEMENTS, note 2

SIGNIFICANT ACCOUNTING POLICIES, note 3

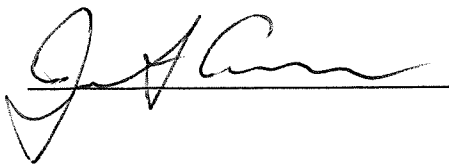
FINANCIAL RISKS AND CONCENTRATION OF RISKS, note 7

Approved by the Board:

Director



Director



THE LOCAL SERVICES BOARD OF MELGUND
STATEMENT OF OPERATIONS AND NET ASSETS
YEAR ENDED SEPTEMBER 30

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
ELIGIBLE			
Community fundraising	\$ 20,026	\$ 6,218	\$ 1,378
Provincial land tax levy	<u>31,050</u>	<u>30,990</u>	<u>31,050</u>
	<u>51,076</u>	<u>37,208</u>	<u>32,428</u>
INELIGIBLE			
NWMO	-	50,000	165,000
Transfer to deferred revenue	-	(26,632)	(82,083)
Transfer from deferred revenue	<u>-</u>	<u>82,083</u>	<u>56,447</u>
	<u>-</u>	<u>105,451</u>	<u>139,364</u>
	<u>51,076</u>	<u>142,659</u>	<u>171,792</u>
EXPENDITURE			
ELIGIBLE			
LSB Administration, Schedule 1	33,676	22,856	24,059
Recreation, Schedule 2	12,400	5,664	3,123
Garbage Collection, Schedule 3	<u>5,000</u>	<u>4,152</u>	<u>4,669</u>
	<u>51,076</u>	<u>32,672</u>	<u>31,851</u>
INELIGIBLE			
LSB Administration - NWMO			
Infrastructure Improvements,			
Schedule 1	<u>-</u>	<u>105,452</u>	<u>139,364</u>
	<u>51,076</u>	<u>138,124</u>	<u>171,215</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE FOR THE YEAR	-	4,535	577
NET ASSETS, BEGINNING OF THE YEAR	<u>45,607</u>	<u>45,607</u>	<u>45,030</u>
NET ASSETS, END OF THE YEAR	<u>\$ 45,607</u>	<u>\$ 50,142</u>	<u>\$ 45,607</u>

THE LOCAL SERVICES BOARD OF MELGUND

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30

	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenditure for the year	\$ 4,535	\$ 577
Accounts receivable	4,636	(17,121)
Prepaid expenditure	(52)	147
Accounts payable and accrued liabilities	(5,659)	5,886
Deferred revenue	(55,451)	25,636
	<u>(51,991)</u>	<u>15,125</u>
CHANGE IN CASH FOR THE YEAR	(51,991)	15,125
CASH, BEGINNING OF YEAR	<u>119,165</u>	<u>104,040</u>
CASH, END OF YEAR	<u>\$ 67,174</u>	<u>\$ 119,165</u>

THE LOCAL SERVICES BOARD OF MELGUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30

1. NATURE OF OPERATIONS

The Local Services Board of Melgund (TLSBM) is a non-profit organization incorporated under the Ontario Regulations of the Northern Services Board Act and is engaged in providing and maintaining recreational programs and facilities and garbage collection for residents residing in the services board area.

TLSBM is a non-profit organization as defined by the Income Tax Act and is exempt from taxes.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements of TLSBM are the responsibility of Management, which is represented by the Board of Directors. They have been prepared in accordance with Canadian public sector accounting standards for non-profit organizations as established by the Public Sector Accounting Board.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by Management in accordance with Canadian public sector accounting standards for non-profit organizations and include the following significant accounting policies:

(a) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards for non-profit organizations 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 expenditure during the reporting period. Significant estimates and assumptions include the accrual of professional fees. Actual results could differ from Management's best estimates as additional information becomes available in the future.

(b) Financial instruments

In accordance with Canadian public sector accounting standards for non-profit organizations, financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

(continued)

THE LOCAL SERVICES BOARD OF MELGUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Revenue from taxation is recognized when levied and the transaction can be reasonably measured.

Other revenue is recorded in the accounts when earned and the amount of the transaction can be reasonably measured.

(d) Capital assets

The acquisition of capital assets is reported as an expenditure on the Statement of Operations and Net Assets in the year of acquisition.

(e) Contributed services

Volunteers contribute numerous hours per year to assist the organization in carrying out its services delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

4. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Goods and Services Tax / Harmonized Sales Tax	\$ <u>14,940</u>	\$ <u>19,576</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade	\$ 747	\$ 1,906
Accrual of professional fees	<u>5,750</u>	<u>10,250</u>
	\$ <u>6,497</u>	\$ <u>12,156</u>

THE LOCAL SERVICES BOARD OF MELGUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30

6. DEFERRED REVENUE

In June 2018, TLSBM received \$26,000 from Nuclear Waste Management Organization (NWMO) to assist with various infrastructure improvements - the unused funding as at September 30, 2018 of \$17,719 was utilized in fiscal 2019 to further address those infrastructure improvements.

In June 2019, TLSBM received \$30,000 from NWMO for continued assistance with infrastructure improvements - the unused funding as at September 30, 2019 of \$22,476 was utilized in fiscal 2020 to further address those infrastructure improvements.

During fiscal 2020, TLSBM continued its infrastructure improvements - the deferred revenue as at September 30, 2019 of \$22,476 was so utilized to assist with the expenditure incurred.

During fiscal 2021, TLSBM received \$60,000 from NWMO for continued assistance with infrastructure improvements - the unused funding as at September 30, 2021 of \$56,447 was used in fiscal 2022 to further address those infrastructure improvements.

During fiscal 2022, TLSBM received \$165,000 from NWMO for continued assistance with infrastructure improvements. Also during fiscal 2022, a flood destroyed the basement of TLSBM's operating premise. With the NWMO's approval, the remedial work to renovate the operating premise's basement, was added to the list of intended infrastructure improvements. The unused funding as at September 30, 2022 of \$82,083 was used in fiscal 2023 to further address those infrastructure improvements.

During fiscal 2023, TLSBM received \$50,000 from NWMO for continued assistance with infrastructure improvements - the unused funding as at September 30, 2023 of \$26,632 is to be used in fiscal 2024 to further address those infrastructure improvements.

7. FINANCIAL RISKS AND CONCENTRATION OF RISKS

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Management is of the opinion that credit risk is not a significant risk and that there is not expected to be any change in that risk exposure in fiscal 2024.

(b) Liquidity risk:

Liquidity risk is the risk that TLSBM will be unable to fulfill its obligations on a timely basis or at a reasonable cost. TLSBM's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of TLSBM's cash requirements. Management is of the opinion that liquidity risk is not a significant risk and that there is not expected to be any change in that risk exposure in fiscal 2024.

(continued)

THE LOCAL SERVICES BOARD OF MELGUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30

7. FINANCIAL RISKS AND CONCENTRATION OF RISKS (continued)

(c) Currency risk:

TLSBM is not exposed to financial risks as a result of exchange rate fluctuations. In the normal course of business, TLSBM receives revenue in Canadian dollars. Management is of the opinion that currency risk is not a significant risk and that there is not expected to be any change in that risk exposure in fiscal 2024.

(d) Interest rate risk:

A change in market interest rates can impact cash flows to service debt when such debt is outstanding. TLSBM has no debt outstanding. Management is of the opinion that interest rate risk is not a significant risk and that there is not expected to be any change in that risk exposure in fiscal 2024.

THE LOCAL SERVICES BOARD OF MELGUND

SCHEDULE 1 - LSB ADMINISTRATION

YEAR ENDED SEPTEMBER 30

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
ELIGIBLE			
Utilities	\$ 9,000	\$ 6,172	\$ 7,389
Insurance	3,000	2,135	2,856
Office supplies / postage	1,500	1,809	2,172
Secretarial honorarium	2,300	2,368	2,300
Audit	6,000	5,950	5,000
Bank charges	50	58	32
Equipment - repairs & maintenance	100	-	120
Property - repairs & maintenance	11,726	3,960	2,843
Telephone & Communications	-	404	714
Website design & maintenance	<u>-</u>	<u>-</u>	<u>633</u>
	33,676	22,856	24,059
INELIGIBLE			
NWMO infrastructure improvements	<u>-</u>	<u>105,452</u>	<u>139,364</u>
	<u>\$ 33,676</u>	<u>\$ 128,308</u>	<u>\$ 163,423</u>

THE LOCAL SERVICES BOARD OF MELGUND

SCHEDULE 2 - RECREATION

YEAR ENDED SEPTEMBER 30

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
ELIGIBLE			
Recreational supplies	\$ -	\$ 376	\$ -
Equipment - repairs & maintenance	-	-	-
Property - repairs & maintenance	6,150	1,063	3,054
Programs	6,000	3,931	69
Website design & maintenance	<u>250</u>	<u>294</u>	<u>-</u>
	<u>\$ 12,400</u>	<u>\$ 5,664</u>	<u>\$ 3,123</u>

SCHEDULE 3 - GARBAGE COLLECTION

YEAR ENDED SEPTEMBER 30

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
ELIGIBLE			
Contracted services	<u>\$ 5,000</u>	<u>\$ 4,152</u>	<u>\$ 4,669</u>