

Local Services Board of Gogama
Financial Statements
September 30, 2019

Local Services Board of Gogama

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For the year ended September 30, 2019

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Management's Responsibility

To the Inhabitants of Gogama:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board of directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization external auditors.

MNP LLP is appointed by the Board of Directors to audit the non-consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 23, 2021


Secretary/Treasurer

Independent Auditor's Report

To the Inhabitants of Gogama:

Qualified Opinion

We have audited the financial statements of Local Services Board of Gogama (the "Organization"), which comprise the statement of financial position as at September 30, 2019, and the statements of operations, changes in 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 the Organization as at September 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Local Services Board of Gogama, derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of expenses over revenue, and cash flows from operations for the year ended September 30, 2019 and assets and net assets as at September 30, 2019.

Under Canadian Accounting Standards for not-for-profit organizations, the organization is required to capitalize items of a capital nature over their useful lives. As described in Note 2, the organization does not capitalize items of a capital nature. Items of a capital nature are expensed in the year of acquisition. We were unable to determine the extent of adjustments which might be necessary to operations, surplus or deficit for the year, assets or closing net liabilities.

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 qualified opinion.

Emphasis of Matter

We draw your attention to Note 13 of the financial statements, which describes the effects of a correction of an error in prior reporting of the Organization. The financial statements of the Organization for the year ended September 30, 2018 were amended to include the information from the Gogama Fire Protection team. These were not previously recorded due to the scope limitation. The information has not been audited but have now been reflected in the prior year financial comparatives resulting in unaudited comparative amounts.

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 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 the Organization'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 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.

Timmins, Ontario

March 23, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Local Services Board of Gogama
Statement of Financial Position

As at September 30, 2019

	2019	2018 (Unaudited, restated)
Assets		
Current		
Cash	683,110	757,464
Accounts receivable (Note 3)	517,475	123,297
Prepaid expenses and deposits	-	2,300
	1,200,585	883,061
Liabilities		
Current		
Accounts payable and accruals	847,711	83,581
Deferred revenue (Note 4)	12,112	414,095
	859,823	497,676
Net Assets	340,762	385,385
	1,200,585	883,061

Approved on behalf of the Board of Directors


Board of Director


Board of Director

The accompanying notes are an integral part of these financial statements

Local Services Board of Gogama
Statement of Operations
For the year ended September 30, 2019

	2019	2018 <i>(Unaudited, restated)</i>
Revenue		
Eligible revenue		
Service charges and rental (Note 8)	285,878	273,904
Community fundraising	3,489	9,604
	289,367	283,508
Ineligible revenue		
Clinic rent	10,834	10,834
Court rent	1,600	1,600
Donations	4,791	55,746
Helipad maintenance	3,617	2,290
Highway fire calls	20,750	61,595
Land rental - Ontera	3,600	2,084
Ministry of Northern Development and Mines (MNDM) - operating grant	44,951	44,951
MNDM - Forest Fire	18,152	-
Ontario Community Infrastructure Fund - Formula-based Component Grant	50,000	50,000
Ontario Community Infrastructure Fund - Top-up Grant	785,735	93,638
Ontario Libraries Capacity Fund Information Technology Services Grant	-	4,525
Ontario Library Association - operating grant	1,338	1,338
Province of Ontario - Clean Water and Wastewater Fund	27,907	44,093
	973,275	372,694
Total revenue	1,262,642	656,202
Eligible expenses (Note 9)		
Administration	73,284	108,218
Fire protection	44,316	61,908
Garbage	53,431	52,383
Library	5,145	6,579
Recreation	74,892	96,372
Sewage	96,469	74,021
Water	92,335	77,024
Community fundraising	4,288	6,391
	444,160	482,896
Ineligible water expenses (Note 10)	838,480	137,731
Ineligible fire expenses (Note 10)	24,625	13,385
Total expenses	1,307,265	634,012
Excess (deficiency) of revenue over expenses	(44,623)	22,190

The accompanying notes are an integral part of these financial statements

Local Services Board of Gogama
Statement of Changes in Net Assets

For the year ended September 30, 2019

	2019	2018 <i>(Unaudited, restated)</i>
Net assets beginning of year, as previously stated	365,654	354,506
Prior period adjustments (Note 13)	19,731	8,689
Net assets, beginning of year, as restated	385,385	363,195
Excess (deficiency) of revenue over expenses	(44,623)	22,190
Net assets, end of year	340,762	385,385

The accompanying notes are an integral part of these financial statements

Local Services Board of Gogama

Statement of Cash Flows

For the year ended September 30, 2019

	2019	2018 <i>(Unaudited, restated)</i>
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(44,623)	22,190
Changes in working capital accounts		
Accounts receivable	(394,178)	(90,227)
Prepaid expenses and deposits	2,300	(2,300)
Accounts payable and accruals	764,130	54,353
Deferred revenue	(401,983)	343,923
Increase (decrease) in cash resources	(74,354)	327,939
Cash resources, beginning of year	757,464	429,525
Cash resources, end of year	683,110	757,464

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

The Local Services Board of Gogama (the "Organization") is a corporation without share capital established under the Northern Services Board Act of the Province of Ontario and as such is exempt from income taxes.

The Organization's delivers services to residents in rural areas where there is no municipal structure to deliver services such as garbage collection, library, recreation, water supply, sewer services and fire protection. These financial statements comprise the financial activities of the Local Services Board of Gogama.

2. Significant accounting policies

The non-consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Cash and cash equivalents

Cash and cash equivalents include cash, term deposits and marketable securities with maturities of three months or less.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Service charges and user fees are recognized upon billing by the Ministry of Finance.

Government grants are recorded in the year in which the related expenses are incurred.

Rental revenue is recognized as revenue on a daily basis as earned.

Donations and fundraising revenue are recognized as received.

Capital assets

Capital assets are expensed on acquisition. Capital assets held include building, automotive, equipment and computer equipment.

Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 4460 *Related Party Transactions* (refer to Note 5).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2019

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of non-consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. Accounts receivable

	2019	2018 <i>(Unaudited)</i>
Trade accounts receivable	413,269	67,566
HST rebate receivable	105,937	56,781
Allowance for doubtful accounts	(1,731)	(1,050)
	517,475	123,297

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2019

4. Deferred revenue

Deferred contributions consist of unspent funds externally restricted for providing maintenance on the helipad, provide upgrades to the community centre and to replace the water and wastewater infrastructure in Gogama. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contribution balance are as follows:

	2019	<i>2018 (Unaudited)</i>
Helipad Maintenance		
Balance, beginning of year	12,229	14,519
Add: Contributions received	3,500	-
Less: Expenses	(3,617)	(2,290)
Balance, end of year	12,112	12,229
Canadian Rail Grant		
Balance, beginning of year	3,751	3,751
Less: Expenses	(3,751)	-
Balance, end of year	-	3,751
Ontario Community Infrastructure Fund - Top-up Grant		
Balance, beginning of year	398,115	-
Add: Contributions received	-	398,115
Less: Expenses	(398,115)	-
Balance, end of year	-	398,115
	12,112	414,095

5. Related party transactions

The following transactions were entered into with related parties:

Honorarium of \$22,047 (2018 - \$21,999) for administration and \$13,400 (2018 - \$nil) in ineligible water paid to the Secretary of the Board.

Administrative fees \$nil (2018 - \$23,687) paid to the Secretary of the Board

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

6. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instrument.

7. Economic dependence

The Organization's primary source of revenue is user fees and service fees and provincial government grants. The grant funding can be cancelled if the Organization does not observe certain established guidelines. The Organization's ability to continue viable operations is dependent upon maintaining its right to follow the criteria within the provincial government guidelines. As at the date of these non-consolidated financial statements, the board believes that it is in compliance with the guidelines.

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2019

8. Service charges and rental

	2019	2018 <i>(Unaudited)</i>
User fees		
Administration	49,758	49,152
Fire protection	19,287	17,501
Garbage	49,054	47,908
Recreation	18,413	18,486
Sewage	45,453	45,852
Water	66,110	67,412
	248,075	246,311
Service fees		
Administration	2,535	2,669
Fire protection	1,097	938
Garbage	4,729	4,817
Recreation	405	217
Sewage	7,299	7,499
Water	8,292	8,715
	24,357	24,855
Various		
Hall rentals	1,030	2,178
Valve openings	820	560
Repair work	11,596	-
	13,446	2,738
	285,878	273,904

9. Eligible expenses

	2019	2018 <i>(Unaudited, restated)</i>
Administration		
Advertising and promotion	296	294
Bad debts	681	-
Bank charges	397	203
Consulting fees	2,267	1,841
Equipment repairs and maintenance	978	3,279
Honorarium (note 5)	25,515	30,118
Insurance	23,984	17,559
Office	1,775	2,022
Postage	364	689
Professional fees	12,287	47,898
Snow removal	3,617	2,290
Supplies	22	-
Telecommunications	700	1,242
Property repairs and maintenance	211	783
Travel	190	-
	73,284	108,218

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2019

9. Eligible expenses *(Continued from previous page)*

Fire Protection		
Bank charges	92	100
Equipment repairs and maintenance	127	20,695
Office	126	387
Fire prevention	260	-
Insurance	-	6,483
Property repairs and maintenance	16,036	4,977
Professional fees	-	1,282
Snow removal	4,673	3,205
Supplies	1,584	3,041
Team events	8,388	3,463
Telecommunications	4,836	4,026
Training	216	899
Utilities	7,090	11,413
Vehicle	888	1,937
	44,316	61,908
Garbage Collection		
Contracted services	53,431	52,383
Library		
Equipment repairs and maintenance	3,282	2,765
Office	317	365
Property repairs and maintenance	145	-
Supplies	608	2,761
Telecommunications	793	687
	5,145	6,578
Recreation		
Advertising and promotion	70	70
Bank charges	94	-
Equipment repairs and maintenance	2,024	1,833
Manager/custodian contract	9,000	7,152
Minor capital purchases	-	1,444
Property repairs and maintenance	38,610	58,037
Snow removal	4,320	3,068
Supplies	1,670	2,352
Telecommunications	523	524
Utilities	18,581	21,178
Travel	-	714
	74,892	96,372
Sewage		
Consulting	56,592	55,947
Equipment and equipment repairs and maintenance	23,144	391
Property repairs and maintenance	1,431	1,223
Snow removal	2,137	941
Telecommunications	1,816	940
Utilities	11,349	14,579
	96,469	74,021

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2019

9. Eligible expenses *(Continued from previous page)*

Water		
Contracted services	880	600
Consulting fees	56,592	64,115
Equipment repairs and maintenance	198	185
Property repairs and maintenance	8,353	1,728
Snow removal	1,221	229
Supplies	344	-
System repairs and maintenance	14,374	-
Telecommunications	523	1,011
Utilities	9,850	9,156
	92,335	77,024
Community fundraising		
Bank charges	-	71
Supplies	1,121	1,835
Team events	2,504	4,485
Travel	663	-
	4,288	6,391
	444,160	482,895

10. Ineligible expenses

	2019	2018 <i>(Unaudited, restated)</i>
Water		
Administrative fees	-	23,687
Consulting	65,704	70,154
Equipment repairs and maintenance	19,903	43,890
Honorariums(Note 5)	13,400	-
Office supplies	2,424	-
Property repairs and maintenance	9,597	-
System repairs and maintenance	726,669	-
Telecommunications	655	-
Travel	128	-
	838,480	137,731
Fire protection		
Attendance incentive	6,090	12,985
Donations	384	400
Honorariums	12,391	-
Meals	650	-
Travel	4,549	-
Supplies	561	-
	24,625	13,385

11. Subsequent event

On March 18, 2020, there was a pandemic declared for the global outbreak of COVID-19 (coronavirus), which has had a significant impact on business through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place the Canada and other countries to fight the virus.

The organization did not apply for any of the specific COVID related government grants.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

13. Prior period adjustment

During the year, the Organization received the prior year information for the Fire Protection Team. This information was added to the financial statements. For the year ended September 30, 2018 the impact of this correction has resulted in the following:

- an increase in cash of \$4,679
- an increase in accounts receivable of \$15,359
- an increase in payable of \$306
- an increase in Net assets of \$8,689
- an increase in Highway Fire Calls Revenue of \$61,595
- an increase in donation revenue of \$3,844
- an increase in eligible fire protection expenses of \$41,012
- an increase in ineligible fire protection expenses of \$13,385

The increase in eligible fire protection is made up of the following increases:

- an increase in equipment and equipment repairs and maintenance of \$20,400
- an increase in insurance of \$6,040
- an increase in property repairs and maintenance of \$992
- an increase in office expense of \$387
- an increase in supplies of \$3,041
- an increase in utilities of \$899
- an increase in utilities of \$2,471
- an increase in bank charges of \$100
- an increase in professional fees of \$1,282
- an increase in team events of \$3,463
- an increase in vehicle of \$1,937

The increase in ineligible fire protection is made up of the following increases:

- an increase in donations of \$400
- an increase in attendance incentive of \$12,985