

Local Services Board of Gogama
Financial Statements
September 30, 2020

Local Services Board of Gogama

Contents

For the year ended September 30, 2020

Page

Management's Responsibility

Independent Auditors' Report

Financial Statements

Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Net Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5

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 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

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, 2020, 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, 2020, 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, 2020 and September 30, 2019 and assets and net assets as at September 30, 2020 and September 30, 2019. The audit opinion on the financial statements for the year ended September 30, 2019 was qualified accordingly because of the possible effects of the limitation in scope.

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.

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, 2020

	2020	2019
Assets		
Current		
Cash	392,177	683,110
Accounts receivable (Note 3)	307,754	517,475
	699,931	1,200,585
Liabilities		
Current		
Accounts payable and accruals	391,560	847,711
Deferred contributions (Note 4)	16,816	12,112
	408,376	859,823
Net Assets	291,555	340,762
	699,931	1,200,585

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, 2020

	2020	2019
Revenue		
Eligible revenue		
Service charges and rental (Note 8)	285,443	285,878
Community fundraising	12,177	3,489
	297,620	289,367
Ineligible revenue		
Clinic rent	10,834	10,834
Court rent	1,600	1,600
Donations	3,450	4,791
Helipad maintenance	3,634	3,617
Highway fire calls	38,139	20,750
Land rental - Ontera	3,600	3,600
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	7,530	785,735
Ontario Library Association	1,338	1,338
Province of Ontario - Clean Water and Wastewater Fund	-	27,907
	165,076	973,275
Total revenue	462,696	1,262,642
Eligible expenses (Note 9)		
Administration	63,769	73,284
Fire protection	57,465	44,316
Garbage	53,431	53,431
Library	2,448	5,145
Recreation	43,131	74,892
Sewage	83,486	96,469
Water	71,693	92,335
Community fundraising	3,788	4,288
	379,211	444,160
Ineligible water expenses (Note 10)	115,412	838,480
Ineligible Fire expense (Note 10)	17,280	24,625
Total expenses	511,903	1,307,265
Deficiency of revenue over expenses	(49,207)	(44,623)

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, 2020

	2020	2019
Net assets, beginning of year	340,762	385,385
Deficiency of revenue over expenses	(49,207)	(44,623)
Net assets, end of year	291,555	340,762

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, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(49,207)	(44,623)
Changes in working capital accounts		
Accounts receivable	209,721	(394,178)
Prepaid expenses and deposits	-	2,300
Accounts payable and accruals	(456,151)	764,130
Deferred contributions	4,704	(401,983)
Decrease in cash resources	(290,933)	(74,354)
Cash resources, beginning of year	683,110	757,464
Cash resources, end of year	392,177	683,110

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 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 original 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, 2020

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

	2020	2019
Accounts receivable	164,284	413,269
HST rebate receivable	145,201	105,937
Allowance for doubtful accounts	(1,731)	(1,731)
	307,754	517,475

4. Deferred contributions

Deferred contributions consist of unspent funds received which are externally restricted. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contributions balance are as follows:

	2020	2019
Helipad Maintenance		
Balance, beginning of year	12,111	12,230
Add: Contributions received	7,000	3,500
Less: Expenses	(3,633)	(3,618)
Balance, end of year	15,478	12,112
Ontario Library Association Grant		
Add: Contributions received	1,338	-
Balance, end of year	1,338	-
Ontario Community Infrastructure Fund - Top-up Grant		
Balance, beginning of year	-	398,115
Less: Expenses	-	(398,115)
Balance, end of year	-	-
	16,816	12,112

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2020

5. Related party transactions

The following transactions were entered into with related parties:

Honorarium \$46,322 (2019 - \$19,047) 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, 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.

8. Service charges and rental

	2020	2019
User fees		
Administration	50,562	49,758
Fire protection	19,288	19,287
Garbage	48,508	49,054
Recreation	22,007	18,413
Sewage	45,960	45,453
Water	66,814	66,110
	253,139	248,075
Service fees		
Administration	2,777	2,535
Fire Protection	1,097	1,097
Garbage	5,558	4,729
Recreation	737	405
Sewage	8,454	7,299
Water	9,982	8,292
	28,605	24,357
Various		
Hall rentals	2,959	1,030
Valve Openings	740	820
Repair work	-	11,596
	3,699	13,446
	285,443	285,878

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2020

9. Eligible expenses

	2020	2019
Administration		
Advertising and promotion	296	296
Bad debts	-	681
Bank charges	1,145	397
Consulting fees	1,926	2,267
Equipment repairs and maintenance	1,628	978
Honorarium (note 5)	39,698	25,515
Insurance	1,136	23,984
Office	647	1,775
Postage	414	364
Professional fees	12,233	12,287
Snow removal	2,768	3,617
Supplies	-	22
Telecommunications	1,237	700
Property repairs and maintenance	641	211
Travel	-	190
	63,769	73,284
Fire Protection		
Bank charges	42	92
Consulting fees	8,077	-
Equipment repairs and maintenance	1,293	127
Office	257	126
Fire prevention	82	260
Honorarium (note 5)	1,449	-
Insurance	11,028	-
Professional fees	1,175	-
Property repairs and maintenance	6,557	16,036
Snow removal	4,467	4,673
Supplies	4,933	1,584
Team events	8,313	8,388
Telecommunications	5,030	4,836
Training	214	216
Utilities	3,620	7,090
Vehicle	928	888
	57,465	44,316
Garbage Collection		
Contracted services	53,431	53,431
Library		
Equipment repairs and maintenance	315	3,282
Office	168	317
Property repairs and maintenance	72	145
Supplies	1,092	608
Telecommunications	801	793
	2,448	5,145

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2020

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

Recreation		
Advertising and promotion	70	70
Bank charges	71	94
Equipment repairs and maintenance	3,497	2,024
Insurance	8,230	-
Manager/custodian contract	9,000	9,000
Property repairs and maintenance	6,597	38,610
Snow removal	3,719	4,320
Supplies	2,709	1,670
Telecommunications	524	523
Utilities	8,714	18,581
	43,131	74,892
Sewage		
Consulting	58,972	56,592
Equipment repairs and maintenance	1,693	23,144
Insurance	2,711	-
Property repairs and maintenance	2,272	1,431
Snow removal	3,511	2,137
Telecommunications	1,629	1,816
Utilities	12,698	11,349
	83,486	96,469
Water		
Contracted services	700	880
Consulting fees	57,625	56,592
Equipment repairs and maintenance	198	198
Insurance	2,143	-
Property repairs and maintenance	2,601	8,353
Snow removal	1,297	1,221
Supplies	18	344
System repairs and maintenance	-	14,374
Telecommunications	568	523
Utilities	6,543	9,850
	71,693	92,335
Community fundraising		
Supplies	3,758	1,121
Team events	-	2,504
Travel	30	663
	3,788	4,288
	379,211	444,160

Local Services Board of Gogama
Notes to the Financial Statements
For the year ended September 30, 2020

10. Ineligible expenses

	2020	2019
Water		
Consulting	8,016	65,704
Equipment repairs and maintenance	-	19,903
Honorarium (Note 5)	5,176	13,400
Insurance	1,733	-
Office supplies	206	2,424
Property repairs and maintenance	-	9,597
System repairs and maintenance	100,045	726,669
Telecommunications	236	655
Travel	-	128
	115,412	838,480
Fire Protection		
Donations	1,275	384
Attendance incentives	16,005	6,090
Honorarium	-	12,391
Meals	-	650
Travel	-	4,549
Supplies	-	561
	17,280	24,625

11. Significant 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 businesses 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 Organization 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 by Canada and other countries to fight the virus.

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