
CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION

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Independent auditor's report

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

Opinion

We have audited the financial statements of the Central Almaguin Economic Development Association ("the Association"), 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 year 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 Central Almaguin Economic Development Association as at December 31, 2019, and its results of operations, its changes in its net debt, and its cash flows for the year 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 font.

North Bay, Canada
June 23, 2020

Chartered Professional Accountants
Licensed Public Accountants

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

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 10,528	\$ 17,497
LIABILITIES		
Accounts payable and accrued liabilities	-	2,968
Due to the Township of Strong	9,528	4,313
Due to the Township of Joly	1,000	600
Deferred revenue (Note 2)	-	11,932
Employee benefits payable (Note 3)	-	220
	10,528	20,033
NET DEBT	-	(2,536)
NON-FINANCIAL ASSETS		
Prepaid expenses	-	1,091
ACCUMULATED DEFICIT (Note 4)	\$ -	\$ (1,445)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION
STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019	Actual 2019	Actual 2018
REVENUE			
Grants			
FedNor	\$ 39,238	\$ 28,741	\$ 51,168
Municipal contributions - membership fees	2,000	2,000	2,000
Municipal contributions - operating grant	28,785	21,205	20,723
Interest income	300	373	391
Other	5,000	5,000	3,000
TOTAL REVENUE	75,323	57,319	77,282
EXPENSES			
Salaries, wages and benefits	35,525	19,751	62,525
Materials and supplies	14,665	9,977	20,314
Contracted services	22,654	24,946	11,576
Rents and financial expenses	1,254	1,200	1,232
TOTAL EXPENSES	74,098	55,874	95,647
ANNUAL SURPLUS (DEFICIT) (Note 4)	1,225	1,445	(18,365)
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR	(1,445)	(1,445)	16,920
ACCUMULATED DEFICIT, END OF YEAR	\$ (220)	\$ -	\$ (1,445)

The accompanying notes are an integral part of these financial statements

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ 1,225	\$ 1,445	\$ (18,365)
Change in prepaid expenses	-	1,091	(1,091)
Increase (decrease) in net financial assets	1,225	2,536	(19,456)
Net financial assets (net debt), beginning of year	(2,536)	(2,536)	16,920
Net debt, end of year	\$ (1,311)	\$ -	\$ (2,536)

The accompanying notes are an integral part of these financial statements

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Operating transactions		
Annual surplus (deficit)	\$ 1,445	\$ (18,365)
Change in employee benefits payable	(220)	220
Changes in non-cash items:		
Accounts payable and accrued liabilities	(2,968)	(1,411)
Due to the Township of Strong	5,215	(799)
Due to the Township of Joly	400	600
Deferred revenue	(11,932)	11,932
Prepaid expenses	1,091	(1,091)
Cash applied to operating transactions	(6,969)	(8,914)
Net change in cash and cash equivalents	(6,969)	(8,914)
Cash and cash equivalents, beginning of year	17,497	26,411
Cash and cash equivalents, end of year	\$ 10,528	\$ 17,497

The accompanying notes are an integral part of these financial statements

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2019

The Central Almaguin Economic Development Association (the "organization") is a joint committee of the Corporation of the Corporation of the Village of South River, the Corporation of the Township of Strong, the Corporation of the Village of Sundridge, and the Corporation of the Township of Joly. Each member municipality contributes equally to the organization by way of an annual membership fee. Contributions to special projects are determined by the Councils of each member municipality. The organization ceased operations on September 30, 2019 and the balance of net assets was distributed to the contributing municipalities.

Management Responsibility

The financial statements of the organization 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 the organization 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.
- (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.
- (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.

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATIONNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019(vi) Pensions and employee benefits

The organization 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 the organization may undertake in the future. Actual results could differ from these estimates.

2. DEFERRED REVENUE

On behalf of the organization, in 2016 the Township of Strong entered into an agreement with Industry Canada under the FedNor - Community Investment Initiative for Northern Ontario (CIINO) program to obtain funding to hire an economic development officer for a three-year period ending June 30, 2019. In 2017 the agreement was extended to October 30, 2020. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding eligible under this agreement is \$193,766. Funds received under this agreement are deferred until related expenditures have been incurred.

Details of the FedNor-CIINO deferred revenue reported on the Statement of Financial Position are as follows:

	2019	2018
Balance, beginning of year	\$ 11,932	\$ -
Received during the year	26,681	63,100
Recognized in revenue during the year	(28,741)	(51,168)
Transferred to Almaguin Community Economic Development	(9,872)	-
Balance, end of year	\$ -	\$ 11,932

3. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave 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 NIL (2018 \$220) at the end of the year.

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATIONNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20194. ACCUMULATED DEFICIT

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

	Balance Beginning of Year	Annual Surplus	Balance End of Year
General operating deficit	\$ (1,225)	\$ 1,225	\$ -
Unfunded employee benefits	(220)	220	-
	\$ (1,445)	\$ 1,445	\$ -

5. 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 the organization's related party transactions with its contributing municipalities during the year:

	2019	2018
Municipal operating grants and membership fees		
Township of Joly	\$ 1,789	\$ 1,750
Village of South River	7,138	6,991
Township of Strong	7,140	6,991
Village of Sundridge	7,138	6,991
Expenses		
Township of Joly		
Recording secretary	400	600
Township of Strong		
Administration	2,400	3,600
Recording secretary	-	1,650
Office rent	1,200	1,200

At the end of the year, amounts due to contributing municipalities are as follows:

Township of Joly	1,000	600
Township of Strong	9,528	4,313

The 2019 balances due were paid in February 2020.

6. SEGMENT DISCLOSURE AND EXPENSES BY OBJECT

Since the organization'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.

CENTRAL ALMAGUIN ECONOMIC DEVELOPMENT ASSOCIATIONNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019

7. PENSION AGREEMENTS

The organization 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, the organization does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2019 was \$1,261 (2018 \$4,262) for current service and is included as an expense on the Statement of Operations.

8. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.