

**16 to 43 WASTE MANAGEMENT CORPORATION**

**Hafford, Saskatchewan**

**FINANCIAL STATEMENTS**

**December 31, 2019**

16 to 43 WASTE MANAGEMENT CORPORATION  
Hafford, Saskatchewan

December 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3-4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flow	8
Notes to Financial Statements	9-12

## Lois Skinner CPA

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### Independent Auditor's Report

To the Directors of:  
16 to 43 Waste Management Corporation

#### **Qualified Opinion**

I have audited the financial statements of 16 to 43 Waste Management Corporation, (the Entity), which comprise the statement of financial position as at December 31, 2019 and the statements of operations, changes in net assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of 16 to 43 Waste Management Corporation as at December 31, 2019, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### **Basis for Qualified Opinion**

The Entity is a member non-profit organization and this initial member contribution has been classified into the Net Assets. Accordingly, until which time the Entity is able to substantiate the components of this member contribution, future classification of Net Assets have not been determined. Therefore, I was not able to determine whether any adjustments might be necessary to net assets, member fees, or member payables for the years ended December 31, 2019 and 2018. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope and valuation.

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

#### **Other Matter**

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed a audit opinion of those financial statements on September 17, 2019. As described in Note 7 to these financial statements, the comparative amounts and presentation have been restated and amended.

#### **Responsibility 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 ASNPO, 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 Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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 Entity 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.

I 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 I identify during my audit.

Wilkie, Saskatchewan  
May 14, 2020



CHARTERED PROFESSIONAL ACCOUNTANT

16 to 43 WASTE MANAGEMENT CORPORATION

## Statement of Financial Position

December 31, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
<b>CURRENT</b>		
Accounts receivable	\$ 36,375	\$ 39,291
Payroll remittance receivable	1,979	-
Prepaid expense	6,862	5,444
Inventory - supplies on hand	<u>19,100</u>	<u>19,100</u>
	64,316	63,835
<b>CAPITAL</b>		
Property, Plant & Equipment (Note 4)	<u>2,924,601</u>	<u>3,012,138</u>
<b>OTHER</b>		
Patronage equity	<u>7,158</u>	<u>4,699</u>
	<u>\$ 2,996,075</u>	<u>\$ 3,080,672</u>
<u>LIABILITIES</u>		
<b>CURRENT</b>		
Bank indebtedness	116,188	68,726
Deposits received	7,116	3,179
Accounts payable and accrued liabilities	21,021	37,121
GST payable	10,330	2,416
Employee deductions payable		16,443
Current portion of long-term debt	<u>133,245</u>	<u>186,999</u>
	<u>287,900</u>	<u>314,884</u>
Long-Term Debt (Note 5)	<u>1,460,032</u>	<u>1,506,801</u>
<u>NET ASSETS</u>		
Total Net Assets	<u>1,248,143</u>	<u>1,258,987</u>
	<u>\$ 2,996,075</u>	<u>\$ 3,080,672</u>

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:

Ron Kowalechuk

Director

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DocuSigned by:

IL Sarni

Director

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See accompanying notes to financial statements

16 to 43 WASTE MANAGEMENT CORPORATIONStatement of Operations  
for the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Service fees	\$ 430,125	\$ 321,749
Sales	6,950	1,423
Equipment & building rentals	8,700	
Land rental	18,091	10,931
Interest earned	2,458	2,206
Other	1,870	8,731
Contributions		46
Total Revenues	<u>468,194</u>	<u>345,086</u>
<b>EXPENSES</b>		
Salaries and wages	\$ 86,026	\$ 81,877
Contracted services	90,396	75,378
Bookkeeping contract	14,400	
Professional fees	7,369	15,727
Interest on long term debt	95,710	83,816
Other interest & bank charges	8,805	19,879
Insurance	17,250	20,845
Amortization	87,538	94,257
Utilities	28,277	17,074
Fuel & oil	15,271	12,596
Repairs & maintenance	8,792	3,793
Office & communications	4,277	2,055
Supplies	4,239	2,046
Business fees, licenses & memberships	900	382
Monitoring & testing	7,225	
Staff development	980	100
Bad debts & unrecoverable	337	
Travel	467	89
Property taxes	779	767
Wages & employee benefits		
Total Expenses	<u>479,038</u>	<u>430,681</u>
(Deficit) Excess revenues over expenses	<u>\$ (10,844)</u>	<u>\$ (85,595)</u>

See accompanying notes to financial statements

**16 to 43 WASTE MANAGEMENT CORPORATION**  
**Statement of Changes in Net Assets**  
**for the year ended December 31, 2019**

	<u>2019</u>	<u>2018</u>
Net Assets, beginning of the year	\$ 1,258,987	\$ 1,344,582
Deficit of revenue over expenses	(10,844)	(85,595)
Net assets, end of year	<u>\$ 1,248,143</u>	<u>\$ 1,258,987</u>

*See accompanying notes to financial statements*

**16 to 43 WASTE MANAGEMENT CORPORATION**  
**Statement of Cash Flow**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Cash provided by (used in) operations		
Net income (loss) for the year	\$ <u>(10,844)</u>	\$ <u>(85,595)</u>
Amortization	<u>87,538</u>	<u>94,257</u>
	<u>76,694</u>	<u>8,662</u>
Net change in non-cash working capital		
Accounts receivable(increase) decrease	2,916	(23,384)
Inventory(increase) decrease		(100)
Prepaid(increase) decrease	(3,397)	(5,444)
Accounts payable & deposit increase(decrease)	(12,163)	14,638
Taxes & remittances increase(decrease)	(8,529)	23,370
Current portion of long-term debt increase(decrease)	<u>(53,754)</u>	
	<u>(74,927)</u>	<u>9,080</u>
<b>CASH FLOWS FROM(USED IN) OPERATING ACTIVITIES</b>	<u>1,767</u>	<u>17,742</u>
<b>INVESTMENT ACTIVITIES</b>		
Capital asset acquisitions		(3,976)
Change in patronage equity	<u>(2,459)</u>	<u>(2,206)</u>
<b>CASH FLOWS FROM(USED IN) INVESTING ACTIVITIES</b>	<u>(2,459)</u>	<u>(6,182)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	250,000
Long-term debt repayments	<u>(46,770)</u>	<u>(97,635)</u>
<b>CASH FLOWS FROM(USED IN) FINANCING ACTIVITIES</b>	<u>(46,770)</u>	<u>152,365</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(47,462)	163,925
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>(68,726)</u>	<u>(232,651)</u>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	\$ <u>(116,188)</u>	\$ <u>(68,726)</u>
Cash consists of:		
Bank deposits and cash on hand	\$ (16,188)	\$ (68,726)
Demand bank line	<u>(100,000)</u>	
Total Cash	\$ <u>(116,188)</u>	\$ <u>(68,726)</u>

See accompanying notes to financial statements



**16 to 43 WASTE MANAGEMENT CORPORATION**

**Notes to Financial Statements**

**December 31, 2019**

**PURPOSE OF THE ORGANIZATION**

16 to 43 Waste Management Corporation (the "Entity") is a membership not-for-profit organization incorporated provincially under the Non-profit Corporations Act of Saskatchewan. As a non-profit, the Entity is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Entity operates to provide waste management services to member municipalities and local area residents. Currently five communities are members which include: Town of Radisson; Town of Blaine Lake; Town of Hafford; R.M. of Douglas; and Village of Maymont.

**1. BASIS OF PRESENTATION**

The Entity's financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Significant aspects of the accounting policies adopted by the entity are as follows:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Bank indebtedness & Cash and cash equivalents:***

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

The Entity has an authorized overdraft limit of \$250,000 which bears interest at 6.95% per annum. At December 31, 2019 the overdraft position was \$16,838 (2018, \$68,726).

***Inventories***

Inventory of supplies and items for resale is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

***Property, plant and equipment***

Property, plant and equipment is stated at cost, or deemed cost less accumulated amortization and is amortized over its estimated life on a straight-line basis the year of the acquisition at the following rates:

Buildings	40 years
Land Improvements	25 years
Equipment	20 years
Motor Vehicles	10 years
Furniture & Fixtures	2 years

The Entity regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

***Capitalized costs***

Capitalized costs include development costs, mortgage interest, realty taxes, interest on general borrowing, and administrative and general expenses incurred in the connection with the acquisition, development and construction of properties.

**16 to 43 WASTE MANAGEMENT CORPORATION**

**Notes to Financial Statements**

**December 31, 2019**

**2. ACCOUNTING POLICIES (continued)**

***Revenue recognition***

The Entity 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.

The Entity recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Interest revenue is recognized in the period it is earned.

***Measurement of financial instruments***

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial assets and financial liabilities are measured at amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and inventories held for resale. Financial liabilities measured at amortized cost on a straight-line basis include operating line, and accounts payable and accrued liabilities.

***Use of Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles 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. These estimates are reviewed periodically, and adjustments are reported in earnings in the period in which they become known.

**3. SUBSEQUENT EVENTS - OVERALL RISK**

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, 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 non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Entity 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, if any, on the financial position and results of the organization for future periods.

**16 to 43 WASTE MANAGEMENT CORPORATION****Notes to Financial Statements****December 31, 2019****4. PROPERTY, PLANT & EQUIPMENT**

	Cost	Accum Depr	<u>2019</u> NBV	<u>2018</u> NBV
Land	432,275	NIL	432,275	432,275
Land improvements	138,660	15,556	123,104	128,651
Buildings	1,959,161	146,282	1,812,879	1,861,858
Equipment	528,158	68,594	459,564	484,735
Motor vehicles	130,578	33,799	96,779	104,462
Furniture & fixtures	631	631	NIL	157
	<u>\$3,189,463</u>	<u>\$ 264,862</u>	<u>\$ 2,924,601</u>	<u>\$ 3,012,138</u>

**5. LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
Innovation Credit Union mortgage bearing interest at 5% compounded monthly, repayable in blended monthly payments of \$10,361. The loan matures on Feb 25, 2023 and is secured by municipal member guarantees.	1,157,864	1,202,204
Innovation Credit Union loan bearing interest at 7% repayable in monthly blended payments of \$2,903. The loan matures on Aug 25, 2023.	229,903	242,169
Finning CAT leasing bearing interest at 4.45% per annum, repayable in monthly payments of \$5,007. The financing contract matures on Mar 20, 2024 and is secured by equipment.	205,511	249,427
	<u>\$ 1,593,278</u>	<u>\$ 1,693,800</u>
Less current portion	<u>\$ 133,245</u>	<u>\$ 186,999</u>
Long term portion	<u>\$ 1,460,033</u>	<u>\$ 1,506,801</u>

The principle repayment due on long-term debt in each of the next five years is as follows:

2020	\$ 133,245
2021	140,207
2022	147,543
2023	1,163,311
2024	8,972
	<u>\$ 1,593,278</u>

**16 to 43 WASTE MANAGEMENT CORPORATION**

**Notes to Financial Statements**

**December 31, 2019**

**6. FINANCIAL INSTRUMENTS**

The Entity is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks.

Liquidity risk is the risk that the organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements, preparing annual budgets and a line of credit is available.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Entity manages this risk by managing the terms on instruments from the financial instruments they deal with.

Credit risk is the risk from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations that have similar economic characteristics that could be similarly affected by changes in economic conditions, such that Wapiti could incur a financial loss. The Entity manages this risk by reviewing parties to which receivables are held and payables are from more than one supplier.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

**7. COMPARATIVE FIGURES & PRIOR PERIOD RESTATEMENTS**

Certain comparative figures have been reclassified to conform to the current year's presentation.

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an audited opinion on those financial statements on September 17, 2019.

During the course of the current year audit, certain amounts were determined to require adjustments based on additional information obtained. The prior comparative statements have been adjusted as follows:

Accounts receivables were overstated by \$11,340, prepaid expenses understated \$392, payroll deductions payable understated \$14,495, payable and accrued liabilities understated by \$16,707 resulting in revenues overstated by \$10,800; and expenses understated by \$31,350. Previously reported deficit for 2018 was \$(43,44)4 and has been corrected to a deficit of \$(85,595).