

**16 to 43 WASTE MANAGEMENT CORPORATION**

**Hafford, Saskatchewan**

**FINANCIAL STATEMENTS**

**December 31, 2021**

16 to 43 WASTE MANAGEMENT CORPORATION  
Hafford, Saskatchewan

December 31, 2021

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	9-13

**Lois Skinner CPA**  
PO Box 131 Wilkie, SK S0K 4W0  
phone: 306-438-7891 fax: 306-843-2301  
lois@skinnercpa.ca

### **Independent Auditor's Report**

To the Directors of:  
16 to 43 Waste Management Corporation

#### ***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, 2021 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, the accompanying financial statements present fairly, in all material respects, the financial position of 16 to 43 Waste Management Corporation as at December 31, 2021, 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 Opinion***

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.

#### ***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  
April 14, 2022



CHARTERED PROFESSIONAL ACCOUNTANT

16 to 43 WASTE MANAGEMENT CORPORATION  
Statement of Financial Position  
December 31, 2021

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current		
Bank	\$ 21,812	\$ 36,976
Accounts receivable	38,732	1,859
Related party reimbursements	-	-
Payroll remittance receivable	1,844	6,232
Prepaid expense	-	19,262
Inventory - supplies on hand	<u>19,000</u>	<u>19,262</u>
	81,388	64,329
Property, Plant & Equipment (Note 4)	3,114,916	3,265,588
Patronage equity	<u>9,442</u>	<u>9,120</u>
	<u>\$ 3,205,746</u>	<u>\$ 3,339,037</u>
<u>LIABILITIES</u>		
Current		
Bank indebtedness	\$ -	\$ 14,522
Deposits received	8,539	8,619
Accounts payable and accrued liabilities	18,223	59,300
GST payable	4,413	6,863
Employee deductions payable	-	5,129
Current portion of long-term debt	<u>137,256</u>	<u>140,593</u>
	168,431	235,026
Long-term debt (Note 5)	1,234,764	1,564,368
Landfill asset retirement (Note 3)	<u>738,720</u>	<u>434,244</u>
	<u>2,141,915</u>	<u>2,233,638</u>
<u>NET ASSETS</u>		
Total Net Assets	<u>1,063,831</u>	<u>1,105,399</u>
	<u>\$ 3,205,746</u>	<u>\$ 3,339,037</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements

16 to 43 WASTE MANAGEMENT CORPORATION

Statement of Operations  
for the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
REVENUE		
Service fees	\$ 396,863	\$ 336,530
Sales	5,640	1,599
Equipment & building rentals	500	1,620
Land rental	8,577	17,520
Interest earned	1,416	2,028
Other	3,058	21,844
Gain on disposal of assets	36,794	-
Total Revenues	<u>\$ 452,848</u>	<u>\$ 381,141</u>
EXPENSES		
Salaries and wages	\$ 78,472	\$ 90,640
Contracted services	6,541	82,742
Bookkeeping contract	16,425	9,488
Professional fees	11,150	6,572
Interest on long term debt	77,689	84,185
Interest and bank charges	6,448	3,419
Insurance	24,775	22,454
Amortization	112,486	94,030
Accretion of asset retirement	18,456	-
Utilities	24,062	27,304
Fuel and oil	16,442	9,960
Repairs and maintenance	78,766	8,832
Office and communications	4,172	6,093
Supplies	3,010	1,984
Business fees, licenses & memberships	2,565	610
Monitoring and testing	12,446	16,350
Bad debts, unrecoverable	299	2,959
Travel	212	448
Property taxes	<u>-</u>	<u>815</u>
Total Expenses	<u>494,416</u>	<u>468,885</u>
(Deficit) Excess revenues over expenses	<u>\$ (41,568)</u>	<u>\$ (87,744)</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, 2021

	2021	2020
Net Assets, beginning of the year	\$ 1,105,399	\$ 1,193,143
Deficit of revenue over expenses	(41,568)	(87,744)
Net assets, end of year	<u>\$ 1,063,831</u>	<u>\$ 1,105,399</u>

*See accompanying notes to financial statements*

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

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Cash provided by (used in) operations		
Net income (loss) for the year	\$ (41,568)	\$ (87,744)
Amortization	130,942	94,030
Gain on disposal of assets and parts	<u>(36,794)</u>	<u>          </u>
	<u>52,580</u>	<u>6,286</u>
Net change in non-cash working capital		
Accounts receivable(increase) decrease	(1,756)	(601)
Inventory(increase) decrease	262	(162)
Prepaid(increase) decrease	4,388	2,609
Accounts payable & deposit increase(decrease)	(41,157)	39,782
Taxes & remittances increase(decrease)	(7,579)	1,662
Current portion of long-term debt increase(decrease)	<u>(3,337)</u>	<u>7,348</u>
	<u>(49,179)</u>	<u>50,638</u>
<b>CASH FLOWS FROM(USED IN) OPERATING ACTIVITIES</b>	<u>3,401</u>	<u>56,924</u>
<b>INVESTMENT ACTIVITIES</b>		
Capital asset acquisitions		(773)
Proceeds on disposal of land	371,000	
Change in patronage equity	<u>(322)</u>	<u>(1,962)</u>
<b>CASH FLOWS FROM(USED IN) INVESTING ACTIVITIES</b>	<u>370,678</u>	<u>(2,735)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term financing	149,376	190,000
Long-term debt repayments	<u>(486,823)</u>	<u>(142,821)</u>
<b>CASH FLOWS FROM(USED IN) FINANCING ACTIVITIES</b>	<u>(337,447)</u>	<u>47,179</u>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	36,632	101,368
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>(14,820)</u>	<u>(116,188)</u>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<u>\$ 21,812</u>	<u>\$ (14,820)</u>
Cash consists of:		
Bank deposits and cash on hand	\$ 21,812	\$ (14,820)
<b>Total Cash</b>	<u>\$ 21,812</u>	<u>\$ (14,820)</u>

See accompanying notes to financial statements



## 16 to 43 WASTE MANAGEMENT CORPORATION

### Notes to Financial Statements

December 31, 2021

#### **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 \$20,000 which bears interest at 5.7% per annum. At December 31, 2020 the overdraft position was \$15,470 (2019, \$16,838).

##### ***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, 2021**

***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 service revenues at the time the service has been provided. Interest revenue is recognized in the period it is earned. Rental revenue is earned in the period to which the rental relates.

***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.

The value of the liability for the asset retirement obligations related to decommissioning the landfill site is \$720,264 (2020 - \$434,244) may vary based on the estimated future costs and the discount rate used. Management believes that it can measure the future decommissioning costs and the discount rate to be used with reasonable accuracy. However, actual results may differ significantly as a result of the uncertainties related to these estimates.

***Asset Retirement Obligations***

The asset retirement obligation is related to the estimated future costs of decommissioning the landfill site and includes the waste cell, final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management and ongoing environment monitoring site inspection and maintenance. A liability is recognized for the obligation to decommission the landfill, and the carrying amount of asset on the balance sheet is increased by a corresponding amount. To determine the initial liability recognized, the estimated future cash flows related to the removal costs are discounted using the current market risk-free rate of interest. The amount added to asset is amortized and an accretion expense related to the discounted liability is recognized over the expected term to reflect the passage of time.

**16 to 43 WASTE MANAGEMENT CORPORATION**

**Notes to Financial Statements**

**December 31, 2021**

After the initial recognition of asset retirement obligations, the carrying amount of the liability is increased by the annual accretion expense and adjusted to reflect changes in the current market-based discount rate or revisions to the timing or the amount of the underlying cash flows needed to settle the obligation.

**3. LANDFILL ASSET RETIREMENT OBLIGATION**

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	434,244	-
Annual accretion	18,456	
Liability	<u>286,020</u>	<u>434,244</u>
Balance, end of year	<u>\$ 738,720</u>	<u>434,244</u>

During the year, management recorded an asset retirement obligation related to decommissioning the landfill site 16-43 of \$286,020 (2020 - \$434,244) which represents management's best estimate of this liability. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at an expected inflation rate of 2% over a 25 year period.

**4. PROPERTY, PLANT & EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Land	\$ 108,069	\$ NIL	\$ 108,069	\$ 432,275
Land improvements	858,924	45,104	813,820	551,802
Buildings	1,959,161	244,240	1,714,921	1,763,900
Equipment	528,930	121,486	407,444	433,890
Motor vehicles	130,578	59,916	70,662	83,721
Furniture & fixtures	<u>631</u>	<u>631</u>	<u>NIL</u>	<u>NIL</u>
	<u>\$ 3,586,293</u>	<u>\$ 471,377</u>	<u>\$ 3,114,916</u>	<u>\$ 3,265,588</u>

**16 to 43 WASTE MANAGEMENT CORPORATION**

Notes to Financial Statements

December 31, 2021

**5. LONG-TERM DEBT**

	<u>2021</u>	<u>2020</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, land security, and general asset agreement.	847,449	1,089,904
Innovation Credit Union loan bearing interest at 7% repayable in monthly blended payments of \$2,903. The loan matures on August 25, 2023.	198,195	210,457
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.		159,600
Innovation Credit Union CEBA Government loan, interest free to December 31, 2022	NIL	40,000
Related party injection for operations from participating communities. No repayment terms and non-interest bearing. Non-secured.	<u>326,376</u>	<u>205,000</u>
	\$ <u>1,372,020</u>	\$ <u>1,704,961</u>
Less current portion	\$ <u>137,256</u>	\$ <u>140,593</u>
Long term portion	\$ <u>1,234,764</u>	\$ <u>1,564,368</u>

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

2022	\$ 137,256
2023	779,865
2024	128,524
2025	NIL
2026	<u>NIL</u>
	\$ <u>1,045,645</u>

## **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. COVID-19**

The COVID-19 pandemic has continued to affect businesses throughout 2021. Measures taken by various governments to contain the virus have affected economic activity. The Entity was able to continue operations and followed local government health directives.

Governments in which we operate have announced the implementation of government assistance measures. To the extent appropriate we have applied for such government assistance where applicable. The \$40,000 repayable portion of the CEBA loan was repaid in 2021. No income subsidies were recorded in the current period.

At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and we will do our utmost to continue our operations to the best and safest way possible without jeopardising the health of our people.