

16 to 43 WASTE MANAGEMENT CORPORATION

Hafford, Saskatchewan

FINANCIAL STATEMENTS

December 31, 2023

16 to 43 WASTE MANAGEMENT CORPORATION
Hafford, Saskatchewan

December 31, 2023

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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, 2023 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, 2023, 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 10, 2024



CHARTERED PROFESSIONAL ACCOUNTANT

16 to 43 WASTE MANAGEMENT CORPORATION

Statement of Financial Position

December 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current		
Bank	\$ 10,343	\$ 31,385
Accounts receivable	32,184	47,349
Payroll remittance receivable	-	1,880
Prepaid expense	13,266	
Inventory - supplies on hand	<u>25,063</u>	<u>19,000</u>
	80,856	99,614
 Property, Plant & Equipment (Note 4)	 2,931,056	 3,016,744
 Patronage equity	 <u>13,869</u>	 <u>10,643</u>
	<u>\$ 3,025,781</u>	<u>\$ 3,127,001</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	39,646	17,325
Taxes payable	1,355	5,663
Current portion of long-term debt	<u>880,789</u>	<u>962,552</u>
	921,790	985,540
 Long-term debt (Note 5)	 401,375	 376,376
 Landfill asset retirement (Note 3)	 <u>775,632</u>	 <u>757,176</u>
	<u>2,098,797</u>	<u>2,119,092</u>
 <u>NET ASSETS</u>		
 Total Net Assets	 <u>926,984</u>	 <u>1,007,909</u>
	<u>\$ 3,025,781</u>	<u>\$ 3,127,001</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, 2023**

	<u>2023</u>	<u>2022</u>
REVENUE		
Service fees	\$ 419,507	\$ 388,222
Sales	2,101	2,754
Government grants	10,915	
Land and building rentals	9,489	8,314
Interest earned	4,439	2,135
Other	<u>119</u>	<u>15,191</u>
Total Revenues	\$ <u>446,570</u>	\$ <u>416,616</u>
EXPENSES		
Salaries and wages	\$ 136,830	\$ 103,651
Contracted services	68,934	73,671
Bookkeeping contract		3,750
Professional fees	6,567	6,700
Interest on long term debt	65,822	54,161
Interest and bank charges	2,119	1,125
Insurance	20,811	16,637
Amortization	116,034	112,485
Accretion of asset retirement	18,456	18,456
Utilities	27,295	23,737
Fuel and oil	14,220	16,481
Repairs and maintenance	21,623	17,113
Office and communications	3,911	4,144
Supplies	5,051	1,121
Business fees, licenses & memberships	1,682	786
Monitoring and testing	15,744	14,909
Staff development	1,078	1,642
Travel	<u>1,318</u>	<u>1,969</u>
Total Expenses	<u>527,495</u>	<u>472,538</u>
(Deficit) Excess revenues over expenses	\$ <u>(80,925)</u>	\$ <u>(55,922)</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, 2023

	2023	2022
Net Assets, beginning of the year	\$ 1,007,909	\$ 1,063,831
Deficit of revenue over expenses	<u>(80,925)</u>	<u>(55,922)</u>
Net assets, end of year	<u>\$ 926,984</u>	<u>\$ 1,007,909</u>

See accompanying notes to financial statements

16 to 43 WASTE MANAGEMENT CORPORATION
Statement of Cash Flow

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Cash provided by (used in) operations		
Net income (loss) for the year	\$ (80,925)	\$ (55,922)
Amortization	<u>134,490</u>	<u>130,941</u>
	<u>53,565</u>	<u>75,019</u>
Net change in non-cash working capital		
Accounts receivable(increase) decrease	15,165	(8,617)
Inventory(increase) decrease	(6,063)	
Prepaid (increase) decrease	(13,266)	-
Payroll remittances (increase) decrease	1,880	(36)
Accounts payable & deposit increase(decrease)	22,321	(9,437)
Taxes & remittances increase(decrease)	(4,308)	1,250
Current portion of long-term debt increase(decrease)	<u>(81,763)</u>	<u>825,296</u>
	<u>(66,034)</u>	<u>808,456</u>
CASH FLOWS FROM(USED IN) OPERATING ACTIVITIES	<u>(12,469)</u>	<u>883,475</u>
INVESTMENT ACTIVITIES		
Capital asset acquisitions	(30,347)	(14,313)
Change in patronage equity	<u>(3,226)</u>	<u>(1,201)</u>
CASH FLOWS FROM(USED IN) INVESTING ACTIVITIES	<u>(33,573)</u>	<u>(15,514)</u>
FINANCING ACTIVITIES		
Proceeds from long term financing	25,000	
Long-term debt repayments	<u></u>	<u>(858,388)</u>
CASH FLOWS FROM(USED IN) FINANCING ACTIVITIES	<u>25,000</u>	<u>(858,388)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(21,042)	9,573
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>31,385</u>	<u>21,812</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 10,343</u>	<u>\$ 31,385</u>
Cash consists of:		
Bank deposits and cash on hand	\$ 10,343	\$ 31,385
Total Cash	<u>\$ 10,343</u>	<u>\$ 31,385</u>

See accompanying notes to financial statements

16 to 43 WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

December 31, 2023

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 9.7% per annum. At December 31, 2023 the overdraft position was \$NIL.

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.

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Notes to Financial Statements
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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 \$775,632 (2022 - \$757,176) and 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, 2023

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>2023</u>	<u>2022</u>
Balance, beginning of year	757,176	738,720
Annual accretion	18,456	18,456
Balance, end of year	<u>\$ 775,632</u>	<u>757,176</u>

During the previous years, management recorded an asset retirement obligation related to decommissioning the landfill site 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>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Land	\$ 108,069	\$ NIL	\$ 108,069	\$ 108,069
Land improvements	858,924	93,109	765,815	789,818
Buildings	1,959,161	342,198	1,616,963	1,665,942
Equipment	547,285	175,297	371,988	388,245
Motor vehicles	156,882	88,661	68,221	64,670
Furniture & fixtures	<u>631</u>	<u>631</u>	<u>NIL</u>	<u>NIL</u>
	<u>\$ 3,630,952</u>	<u>\$ 699,896</u>	<u>\$ 2,931,056</u>	<u>\$ 3,016,744</u>

16 to 43 WASTE MANAGEMENT CORPORATION

Notes to Financial Statements

December 31, 2023

5. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Innovation Credit Union mortgage bearing interest at 8.1% compounded monthly, repayable in blended monthly payments of \$9,827. The loan matures on February 25, 2025 and is secured by municipal member guarantees, land security, and general asset agreement.	727,077	786,003
Innovation Credit Union loan bearing interest at 7% repayable in monthly blended payments of \$2,903. The loan matures on January 25, 2024.	153,711	176,549
Related party injection for operations from participating communities. No repayment terms and non-interest bearing. Non-secured.	<u>401,376</u>	<u>376,376</u>
	\$ <u>1,282,164</u>	\$ <u>1,338,928</u>
Less current portion	\$ <u>880,789</u>	\$ <u>962,552</u>
Long term portion	\$ <u>401,375</u>	\$ <u>376,376</u>

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

2024	\$ 880,789
2025	NIL
2026	NIL
2027	NIL
2028	<u>NIL</u>
	\$ <u>880,789</u>

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Notes to Financial Statements

December 31, 2023

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.