

Local Services Board of Nolalu
Financial Statements
For the year ended September 30, 2021

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Independent Auditor's Report

To the Board Members of the Local Services Board of Nolalu

Opinion

We have audited the financial statements of the Local Services Board of Nolalu (the Local Services Board), which comprise the statement of financial position as at September 30, 2021 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Local Services Board as at September 30, 2021 and the results of its operations, its change in net financial assets 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 Local Services Board 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 the 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 Local Services Board'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 Local Services Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Local Services Board'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

Independent Auditor's Report (cont'd)

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 Local Services Board'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 Local Services Board'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 Local Services Board 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.

BDO Canada LLP

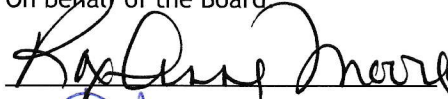
Chartered Professional Accountants, Licensed Public Accountants

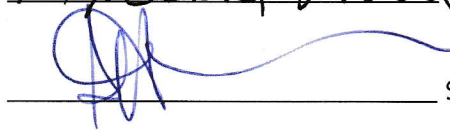
Thunder Bay, Ontario
January 25, 2022

Local Services Board of Nolulu Statement of Financial Position

September 30	2021	2020
Assets		
Cash (Note 1)	\$ 50,342	\$ 48,601
Government remittances	701	453
	51,043	49,054
Liabilities		
Accounts payable and accrued liabilities	11,653	11,657
Net financial assets	\$ 39,390	\$ 37,397
Contingency reserve (Note 4)	\$ 10,838	\$ 8,845
Accumulated operating surplus	28,552	28,552
	\$ 39,390	\$ 37,397

On behalf of the Board:

 Chair

 Secretary/Treasurer

Local Services Board of Nolalu Statement of Operations and Surplus

For the year ended September 30	Budget 2021	2021	2020
	(Note 6)		
Revenue			
Eligible revenue			
Provincial land tax levy	\$ 110,160	\$ 110,160	\$ 106,920
Ineligible revenue			
Ministry of Northern Development and Mines operating grant	2,910	2,910	2,909
Interest revenue	30	25	18
	113,100	113,095	109,847
Expenditure			
Eligible expenditure			
Administration (Schedule)	16,100	15,886	15,132
Fire protection	61,961	61,961	60,059
Recreation	33,255	33,255	31,668
	111,316	111,102	106,859
Annual surplus	1,784	1,993	2,988
Accumulated operating surplus, beginning of year	28,552	28,552	28,552
Transfer to contingency reserve (Note 4)	(1,620)	(1,993)	(2,988)
Accumulated operating surplus, end of year	\$ 28,716	\$ 28,552	\$ 28,552

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Local Services Board of Nolulu Statement of Change in Net Financial Assets

For the year ended September 30	Budget 2021	2021	2020
	(Note 6)		
Annual surplus	\$ 1,784	\$ 1,993	\$ 2,988
Net financial assets, beginning of year	37,397	37,397	34,409
Net financial assets, end of year	\$ 39,181	\$ 39,390	\$ 37,397

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Local Services Board of Nolulu Statement of Cash Flows

For the year ended September 30	2021	2020
Operating transactions		
Annual surplus	\$ 1,993	\$ 2,988
Changes in non-cash working capital balances:		
Government remittances	(248)	96
Accounts payable and accrued liabilities	(4)	8,657
Increase in cash during the year	1,741	11,741
Cash, beginning of year	48,601	36,860
Cash, end of year	\$ 50,342	\$ 48,601

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Local Services Board of Nolalu Summary of Significant Accounting Policies

September 30, 2021

Management's Responsibility for the Financial Statements	The financial statements of the Local Services Board of Nolalu are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.
Nature of Business	The Local Services Board of Nolalu is a corporation without share capital established under The Northern Service Boards Act of the Province of Ontario on March 29, 2003. The Local Services Board of Nolalu was organized for the purpose of providing, maintaining and improving fire protection services in the Nolalu area and maintaining the Nolalu Community Centre.
Cash and Cash Equivalents	Cash and cash equivalents are comprised of cash on hand and balances with banks with maturities of three months or less.
Revenue Recognition	The Board records the provincial land tax levy annually based on approved rates on an accrual basis. Government grants are recorded as revenue at the earlier of when received or collection is reasonably assured.
Contributed Materials and Services	Contributed materials and services, which are used in the normal course of operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Significant estimates include accrual for professional fees and allowance for uncollectible amounts. Actual results could differ from management's best estimates as additional information becomes available in the future.
Contingency Reserve	The Board has established a contingency reserve fund for the purpose of funding future contingencies of the Nolalu Community Centre and the Nolalu Emergency Services Team. These internally restricted amounts are not available for other purposes and must be approved by representatives of the Board.

Local Services Board of Nolalu Notes to Financial Statements

September 30, 2021

1. Cash

Included in cash is \$8,858 (2020 - \$7,495) that is set-aside for the Local Services Board internally restricted contingency reserve. This bank account earns interest at 0.40% per annum.

2. Due from Ministry of Northern Development and Mines

Balance, beginning of year	\$	-
Grant for current year		
Least of:		
1/2 eligible expenditure	\$	<u>55,551</u>
Eligible revenue	\$	<u>110,160</u>
Eligible grant limit	\$	<u>2,910</u>
		2,910
Advance for current year		<u>(2,910)</u>
Balance, end of year	\$	<u>-</u>

3. Nolalu Emergency Services Team and Nolalu Community Centre

During the year the Board paid pre-determined contracted amounts to Nolalu Emergency Services Team and Nolalu Community Centre totaling \$95,216 (2020 - \$91,727) to provide fire protection and recreation services to the community of Nolalu.

Included in accounts payable and accrued liabilities as at September 30, 2021 is \$5,163 (2020 - \$5,342) payable to Nolalu Emergency Services Team and \$2,771 (2020 - \$2,595) payable to Nolalu Community Centre.

4. Contingency Reserve

The Board has established a contingency reserve fund for the purpose of funding future contingencies of the Nolalu Community Centre and the Nolalu Emergency Services Team. These internally restricted amounts are not available for other purposes and must be approved by representatives of the Board. All interest earned in the reserve bank account is to be included in the contingency reserve.

	2021	2020
Beginning balance	\$ 8,845	\$ 5,857
Interest income	25	18
Board approved allocation	<u>1,968</u>	<u>2,970</u>
	<u>\$ 10,838</u>	<u>\$ 8,845</u>

Local Services Board of Nolalu Notes to Financial Statements

September 30, 2021

5. Segmented Information

The Local Services Board provides a range of services to its residents. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Certain programs that have been separately disclosed in the statement of operations and surplus are as follows:

Administration

The administration program oversees the delivery of all government services. The Local Services Board is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities.

Fire Protection

The Local Services Board is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection and extinguishments of fires to its residents. The Local Services Board has entered into a contract with the Nolalu Emergency Services Team to provide these services.

Recreation

The Local Services Board is responsible to provide recreation services and to maintain the community centre for residents and property owners in the service area. The Local Services Board has entered into a contract with the Nolalu Community Centre to provide these services.

6. Budget

The unaudited budgeted figures are presented for comparison purposes only and are those approved by the Board of Directors for the year ended September 30, 2021.

7. Impact of COVID-19 Pandemic

Prior to the 2020/2021 fiscal year ending on September 30, 2021, the Province of Ontario declared a state of emergency and placed restrictions on specific business activities, allowing only essential businesses to remain open. The Local Service Board's operations have not been significantly impacted by these restrictions.

Local Services Board of Nolulu
Schedule - Administration Expenditure By Object

For the year ended September 30	Budget 2021	2021	2020
	(Note 6)		
Administration			
Audit	\$ 4,000	\$ 3,775	\$ 3,452
Bank charges	100	99	227
Honorarium	8,900	9,192	9,159
Insurance	2,200	2,227	1,967
Miscellaneous	400	163	53
Office	500	430	274
	\$ 16,100	\$ 15,886	\$ 15,132

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.