

**Bruce Area Solid Waste Recycling
Financial Statements
For the year ended December 31, 2023**

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**Bruce Area Solid Waste Recycling
Financial Statements
For the year ended December 31, 2023**

Contents

Financial Statements

Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

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Independent Auditor's Report

To the Board of Directors of Bruce Area Solid Waste Recycling

Opinion

We have audited the financial statements of Bruce Area Solid Waste Recycling (the organization), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and its results of operations, its changes 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization'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 organization'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 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.

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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
REPORT DATE

**Bruce Area Solid Waste Recycling
Statement of Financial Position**

December 31	2023	2022
Assets and Liabilities		
Financial assets		
Cash (Note 2)	\$ 689,157	\$ 1,343,268
Trade and other receivables	507,834	594,531
Inventory held for resale	64,998	51,312
	1,261,989	1,989,111
Liabilities		
Accounts payable and accrued liabilities	208,967	230,105
Net financial assets	1,053,022	1,759,006
Non financial assets		
Prepaid expenses	10,517	7,725
Tangible capital assets (Note 3)	1,651,821	1,508,281
	1,662,338	1,516,006
Accumulated surplus (Note 4)	\$ 2,715,360	\$ 3,275,012

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**Bruce Area Solid Waste Recycling
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2023	2023	2022
	Budget (Note 7)	Actual	Actual
Revenue			
Municipal contributions (Note 10)	\$ 1,935,348	\$ 1,968,215	\$ 1,872,617
Provincial grants	968,938	1,034,793	968,938
Sale of recyclables	432,728	590,853	939,697
OCC collection (Note 10)	189,020	179,926	176,802
Interest	24,954	41,783	29,427
Sale of composters and carts	12,478	14,256	12,478
Other contributions	5,000	-	915
	3,568,466	3,829,826	4,000,874
Expenses			
Advertising	37,000	31,669	35,468
Amortization of capital assets	219,970	217,649	222,811
Bank charges	3,392	3,159	3,085
Commingled recycling processing	-	-	19,620
Composter and carts	17,000	2,169	22,455
Insurance	173,040	174,951	142,999
Material transportation	31,800	32,993	31,800
Membership and subscriptions	2,763	3,702	2,763
Mobile equipment	1,234,648	1,556,143	1,639,575
Office, administration and telephone	6,104	4,749	4,510
OCC collection	2,000	-	223
Phone and postage	7,059	6,851	7,758
Processing equipment	238,604	164,530	109,142
Professional fees	47,148	28,242	28,359
Property maintenance	11,987	9,109	9,129
Property taxes	38,782	38,368	36,935
Safety equipment	13,126	14,191	10,186
Training and conventions	1,082	1,023	1,129
Uniforms	10,000	4,882	8,072
Utilities	32,317	31,637	29,379
Salaries, wages and benefits	1,890,808	2,063,461	1,889,691
	4,018,630	4,389,478	4,255,089
Annual deficit (Note 7)	(450,164)	(559,652)	(254,215)
Accumulated surplus, beginning of the year	3,275,012	3,275,012	3,529,227
Accumulated surplus, end of the year (Note 4)	\$ 2,824,848	\$ 2,715,360	\$ 3,275,012

The accompanying notes are an integral part of these financial statements.

**Bruce Area Solid Waste Recycling
Statement of Changes in Net Financial Assets**

<u>For the year ended December 31</u>	2023	2023	2022
	Budget (Note 7)	Actual	Actual
Annual deficit (Page 5)	\$ (450,164)	\$ (559,652)	\$ (254,215)
Acquisition of tangible capital assets	(437,774)	(361,189)	(291,917)
Amortization of tangible capital assets	219,970	217,649	222,811
	<u>(217,804)</u>	<u>(143,540)</u>	<u>(69,106)</u>
Change in prepaid expenses	-	(2,792)	(2,285)
Change in net financial assets	(667,968)	(705,984)	(325,606)
Net financial assets, beginning of the year	1,759,006	1,759,006	2,084,612
Net financial assets, end of the year	<u>\$ 1,091,038</u>	<u>\$ 1,053,022</u>	<u>\$ 1,759,006</u>

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Bruce Area Solid Waste Recycling
Statement of Cash Flows

For the year ended December 31

2023

2022

Cash provided by (used in)

Operating activities

Annual deficit	\$ (559,652)	\$ (254,215)
Items not involving cash		
Amortization	<u>217,649</u>	<u>222,811</u>
	(342,003)	(31,404)

Changes in non-cash working capital balances

Trade and other receivables	86,697	129,859
Inventory held for resale	(13,686)	7,049
Accounts payable and accrued liabilities	(21,138)	(124,181)
Prepaid expenses	<u>(2,792)</u>	<u>(2,285)</u>
	(292,922)	(20,962)

Capital transactions

Cash used to acquire capital assets	<u>(361,189)</u>	<u>(291,917)</u>
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Net change in cash

	(654,111)	(312,879)
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Cash, beginning of year

	<u>1,343,268</u>	<u>1,656,147</u>
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Cash, end of year

	<u>\$ 689,157</u>	<u>\$ 1,343,268</u>
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Bruce Area Solid Waste Recycling Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Standards

Nature of Business

The organization operates as a Joint Board of Management with representation from the municipalities of Arran-Elderslie, Brockton, Huron-Kinloss, Kincardine, Saugeen Shores, South Bruce and South Bruce Peninsula. Each municipality's proportionate interest in the board is based on number of households and is as follows:

Arran-Elderslie	8.63%
Brockton	12.87%
Huron-Kinloss	12.17%
Kincardine	17.87%
Saugeen Shores	25.00%
South Bruce	3.24%
South Bruce Peninsula	20.22%
	100.00%

Basis of Accounting

Transactions with related parties are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the CPA Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

Management Responsibility

The management for Bruce Area Solid Waste Recycling has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Board of Directors review and approve the financial statements.

Basis of Consolidation

The assets, liabilities, revenues and expenses are proportionately consolidated with the financial statements of the member municipalities.

**Bruce Area Solid Waste Recycling
Notes to Financial Statements**

December 31, 2023

1. Summary of Significant Accounting standards - (continued)

Inventory Inventory of goods held for resale is recorded at net realizable value.

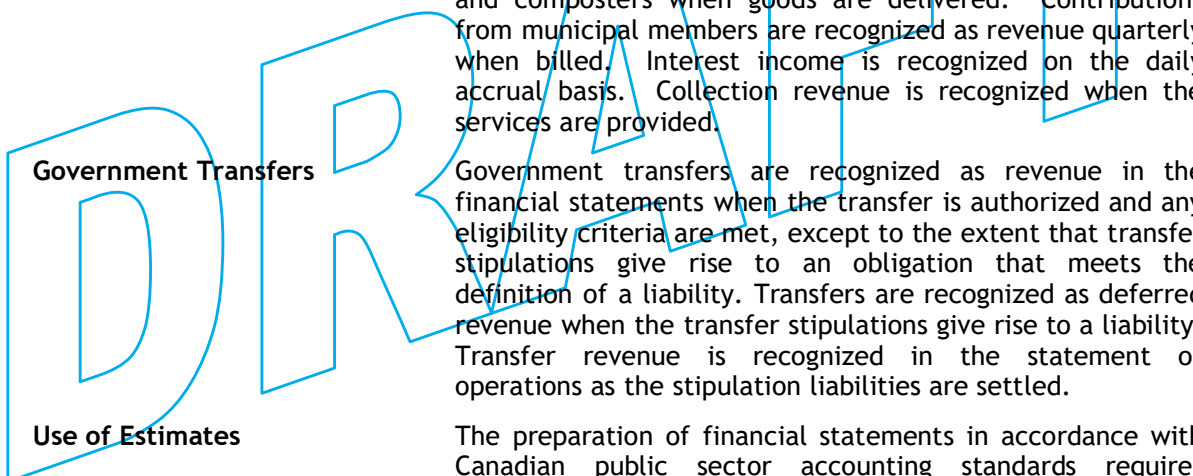
Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by the board. The following rates are used:

Buildings	50 years
Paving	20 years
Vehicles	5-15 years
Machinery and equipment	5-15 years

Revenue Recognition The board recognizes revenue from the sale of recyclables and composters when goods are delivered. Contributions from municipal members are recognized as revenue quarterly when billed. Interest income is recognized on the daily accrual basis. Collection revenue is recognized when the services are provided.

Government Transfers Government transfers are recognized as revenue in the financial statements 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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates 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 reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Management makes significant decisions for the allowance for doubtful accounts, useful life of capital assets and accrued liabilities.



**Bruce Area Solid Waste Recycling
Notes to Financial Statements**

December 31, 2023

1. Summary of Significant Accounting standards - (continued)

Financial Instruments

Cash is measured at fair value. Accounts receivable and accounts payable and accrued liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management has not identified any asset retirement obligations for which a liability needs to be recognized.

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Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2023

2. Cash

Cash includes a total of \$685,606 held at one financial institution. The Canadian Deposit Insurance Corporation (CDIC) insures deposits up to a maximum of \$100,000 per depositor per financial institution.

3. Tangible Capital Assets

	2023				
	Buildings	Paving	Vehicles	Machinery and Equipment	Total
Cost, beginning of the year	\$ 512,589	\$ 108,521	\$ 2,816,168	\$ 1,276,022	\$ 4,713,300
Additions	52,774	-	196,523	111,892	361,189
Cost, end of the year	565,363	108,521	3,012,691	1,387,914	5,074,489
Accumulated amortization, beginning of the year	264,302	36,251	1,995,612	908,854	3,205,019
Amortization	11,694	5,426	145,998	54,531	217,649
Accumulated amortization, end of the year	275,996	41,677	2,141,610	963,385	3,422,668
Net carrying amount, end of the year	\$ 289,367	\$ 66,844	\$ 871,081	\$ 424,529	\$ 1,651,821
	2022				
	Buildings	Paving	Vehicles	Machinery and Equipment	Total
Cost, beginning of the year	\$ 506,014	\$ 108,521	\$ 2,613,256	\$ 1,193,592	\$ 4,421,383
Additions	6,575	-	202,912	82,430	291,917
Disposals	-	-	-	(150)	(150)
Cost, end of the year	512,589	108,521	2,816,168	1,275,872	4,713,150
Accumulated amortization, beginning of the year	253,586	30,825	1,845,766	852,031	2,982,208
Amortization	10,716	5,426	149,846	56,823	222,811
Disposals	-	-	-	150	(150)
Accumulated amortization, end of the year	264,302	36,251	1,995,612	908,704	3,204,869
Net carrying amount, end of the year	\$ 248,287	\$ 72,270	\$ 820,556	\$ 367,168	\$ 1,508,281

**Bruce Area Solid Waste Recycling
Notes to Financial Statements**

December 31, 2023

4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2023	2022
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 1,651,821	\$ 1,508,281
General surplus (deficit) (Note 7)	(8,919)	212,637
Reserves and reserve funds (Note 5)	1,072,458	1,554,094
Accumulated surplus	\$ 2,715,360	\$ 3,275,012

5. Reserves Set Aside for Specific Purpose

	2023	2022
Working funds	\$ 100,000	\$ 100,000
Building	579,664	579,664
Capital equipment	392,794	874,430
	\$ 1,072,458	\$ 1,554,094

6. Pension Agreements

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 32 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement pension to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2023 was \$125,337 (2022 - \$94,280). The contribution rate for 2023 was 9.0% to 15.8% depending on age and income level (2022 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore any pension 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 OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023. At that time the plan reported a \$4.20 billion actuarial deficit (2022 - \$6.68 billion actuarial deficit), based on actuarial liabilities of \$134.57 billion (2022 - \$128.79 billion) and actuarial assets of \$130.37 billion (2022 - \$122.11 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2023

7. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2023 budget amounts approved by the Board have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net financial assets. The following is a reconciliation of the budget approved by the Board.

	2023	2023	2022
	Budget	Actual	Actual
Annual deficit (Page 5)	\$ (450,164)	\$ (559,652)	\$ (254,215)
Acquisition of tangible capital assets	(437,774)	(361,189)	(291,917)
Amortization	219,970	217,649	222,811
	(667,968)	(703,192)	(323,321)
Transfer from reserves	50,000	50,000	-
Transfer from reserves	617,968	431,636	291,917
	-	(221,556)	(31,404)
Prior year general surplus	-	212,637	244,041
General surplus (deficit) (Note 4)	\$ -	\$ (8,919)	\$ 212,637

8. Expenses by Object

Total operating expenses by object for the year reported on the consolidated statement of financial activities are as follows:

	2023	2022
Salaries, wages and employee benefits	\$2,063,461	\$ 1,889,691
Materials	2,063,713	1,993,952
Rents and financial expenses	44,655	42,226
Amortization	217,649	222,811
	\$4,389,478	\$ 4,148,680

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2023

9. Financial Instrument Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk arising from its cash and accounts receivable. The majority of the organization's receivables are from government sources. The balance of the accounts receivable are due from customers who have purchased recycling materials. Stewardship Ontario makes up 57.0% (2022 - 42.4%) of the accounts receivable balance and another customer makes up 32.6% (2022 - 16.8%). No other singular customer represents more than 20% of the receivables balance.

The organization's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the organizations accounts receivable are as follows:

As at December 31	2023	2022
Current	236,427	344,433
31 to 60 days	125,145	94,919
61 to 90 days	112,400	89,803
Over 90 days	33,862	65,376
Total	507,834	594,531

There have not been any changes from the prior year in the organization's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities. The organization has sufficient bank balances to extinguish its liabilities.

At year end, the amounts outstanding for the organization's accounts payable are as follows:

As at December 31	2023	2022
Within 6 months	208,967	230,105

There have not been any changes from the prior year in the organization's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2023

10. Related Party Balances

At the end of the year, the amounts included in trade and other receivables that are due (to) from related parties are as follows:

	<u>2023</u>	<u>2022</u>
Municipality of Brockton	\$ (104)	\$ 5,577
Municipality of Huron-Kinloss	17,909	18,238
Municipality of Kincardine	-	38,822
Municipality of Saugeen Shores	-	42,398
Municipality of South Bruce	-	5,768
Municipality of South Bruce Peninsula	5,768	13,917
	<u>\$ 23,573</u>	<u>\$ 124,720</u>

Included in municipal contributions revenue on the Statement of Operations and Accumulated Surplus is as follows:

	<u>2023</u>	<u>2022</u>
Municipality of Arran-Elderslie	\$ 102,094	\$ 96,004
Municipality of Brockton	152,137	141,169
Municipality of Huron-Kinloss	303,699	296,399
Municipality of Kincardine	486,854	460,634
Municipality of Saugeen Shores	644,909	614,465
Municipality of South Bruce	38,341	35,904
Municipality of South Bruce Peninsula	240,181	228,112
	<u>\$1,968,215</u>	<u>\$ 1,872,687</u>

Included in OCC collection revenue on the Statement of Operations and Accumulated Surplus is as follows:

	<u>2023</u>	<u>2022</u>
Municipality of Brockton	\$ 17,043	\$ 17,043
Municipality of Huron-Kinloss	13,769	14,428
Municipality of Kincardine	47,595	47,595
Municipality of Saugeen Shores	42,122	41,464
Municipality of South Bruce	17,303	17,303
Municipality of South Bruce Peninsula	32,942	32,943
	<u>\$ 170,774</u>	<u>\$ 170,776</u>