

Bruce Area Solid Waste Recycling
Financial Statements
For the year ended December 31, 2024

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For the year ended December 31, 2024

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Financial Statements

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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, 2024, 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, 2024, and the results of its operations, its remeasurement gains and losses, changes in its net debt 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.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Organization 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.

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, black, handwritten-style font, followed by 'LLP' in a smaller, black, sans-serif font.

Owen Sound, Ontario

Chartered Professional Accountants

April 1, 2025

Licensed Public Accountants

Bruce Area Solid Waste Recycling
Statement of Financial Position

December 31	2024	2023
Assets and Liabilities		
Financial assets		
Cash	\$ 1,234,774	\$ 689,157
Trade and other receivables	584,765	507,834
Inventory held for resale	82,125	64,998
	1,901,664	1,261,989
Liabilities		
Accounts payable and accrued liabilities	434,979	208,967
	1,466,685	1,053,022
Net financial assets		
	1,466,685	1,053,022
Non financial assets		
Prepaid expenses	9,867	10,517
Tangible capital assets (Note 2)	1,665,669	1,651,821
	1,675,536	1,662,338
Accumulated surplus (Note 3)	\$ 3,142,221	\$ 2,715,360

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

Bruce Area Solid Waste Recycling
Statement of Operations and Accumulated Surplus

For the year ended December 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
Revenue			
Municipal contributions (Note 7)	\$ 2,141,780	\$ 2,149,620	\$ 1,968,215
Provincial grants	1,270,388	1,310,015	1,034,793
Sale of recyclables	449,379	911,315	590,853
OCC collection (Note 7)	243,887	193,354	179,926
Interest	24,954	33,297	41,783
Sale of composters and carts	14,256	15,186	14,256
Other contributions	3,500	-	-
Gain on sale of tangible capital assets	-	9,005	-
	4,148,144	4,621,792	3,829,826
Expenses			
Advertising	30,900	30,811	31,669
Amortization of capital assets	219,970	210,078	217,649
Bad debt expense	-	254	-
Bank charges	3,474	3,271	3,159
Composter and carts	17,000	20,031	2,169
Insurance	192,065	199,856	174,951
Material transportation	32,993	36,550	32,993
Membership and subscriptions	3,702	478	3,702
Mobile equipment	1,371,615	1,281,330	1,556,143
Office, administration and telephone	6,067	11,665	4,749
Phone and postage	4,056	6,056	6,851
Processing equipment	116,612	153,391	164,530
Professional fees	27,519	45,453	28,242
Property maintenance	13,052	9,132	9,109
Property rent	5,000	-	-
Property taxes	40,286	39,951	38,368
Safety equipment	13,318	10,523	14,191
Training and conventions	350	-	1,023
Uniforms	5,551	6,401	4,882
Utilities	34,801	34,412	31,637
Salaries, wages and benefits	2,179,783	2,095,288	2,063,461
	4,318,114	4,194,931	4,389,478
Annual surplus (deficit) (Note 6)	(169,970)	426,861	(559,652)
Accumulated surplus, beginning of the year	2,715,360	2,715,360	3,275,012
Accumulated surplus, end of the year	\$ 2,545,390	\$ 3,142,221	\$ 2,715,360

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

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

For the year ended December 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
Annual surplus (deficit) (Page 5)	\$ (169,970)	\$ 426,861	\$ (559,652)
Acquisition of tangible capital assets	(382,122)	(242,921)	(361,189)
Amortization of tangible capital assets	219,970	210,078	217,649
Gain on sale of tangible capital assets	-	(9,005)	-
Proceeds on disposal of capital assets	-	28,000	-
	(162,152)	(13,848)	(143,540)
Change in prepaid expenses	-	650	(2,792)
Change in net financial assets	(332,122)	413,663	(705,984)
Net financial assets, beginning of the year	1,053,022	1,053,022	1,759,006
Net financial assets, end of the year	\$ 720,900	\$ 1,466,685	\$ 1,053,022

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

Bruce Area Solid Waste Recycling
Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit) (Page 5)	\$ 426,861	\$ (559,652)
Items not involving cash		
Amortization	210,078	217,649
Gain on sale of capital assets	(9,005)	-
	627,934	(342,003)
Changes in non-cash working capital balances		
Trade and other receivables	(76,931)	86,697
Inventory held for resale	(17,127)	(13,686)
Accounts payable and accrued liabilities	226,012	(21,138)
Prepaid expenses	650	(2,792)
	760,538	(292,922)
Capital transactions		
Cash used to acquire capital assets	(242,921)	(361,189)
Proceeds on sale of capital assets	28,000	-
	(214,921)	(361,189)
Net change in cash	545,617	(654,111)
Cash, beginning of year	689,157	1,343,268
Cash, end of year	\$ 1,234,774	\$ 689,157

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

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

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	<u>20.22%</u>
	<u>100.00%</u>

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

Basis of Accounting 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, 2024

1. Summary of Significant Accounting standards - (continued)

Inventory	Inventory of goods held for resale is recorded at net realizable value.								
Tangible Capital Assets	<p>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:</p> <table><tr><td>Buildings</td><td>50 years</td></tr><tr><td>Paving</td><td>20 years</td></tr><tr><td>Vehicles</td><td>5-15 years</td></tr><tr><td>Machinery and equipment</td><td>5-15 years</td></tr></table>	Buildings	50 years	Paving	20 years	Vehicles	5-15 years	Machinery and equipment	5-15 years
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, 2024

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.

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

2. Tangible Capital Assets

	2024				
	Buildings	Paving	Vehicles	Machinery and Equipment	Total
Cost, beginning of the year	\$ 565,363	\$ 108,521	\$ 3,012,691	\$ 1,387,914	\$ 5,074,489
Additions	6,800	-	236,121	-	242,921
Disposals	-	-	(40,704)	-	(40,704)
Cost, end of the year	572,163	108,521	3,208,108	1,387,914	5,276,706
Accumulated amortization, beginning of the year	275,996	41,677	2,141,610	963,385	3,422,668
Amortization	11,830	5,426	142,325	50,497	210,078
Disposals	-	-	(21,709)	-	(21,709)
Accumulated amortization, end of the year	287,826	47,103	2,262,226	1,013,882	3,611,037
Net carrying amount, end of the year	\$ 284,337	\$ 61,418	\$ 945,882	\$ 374,032	\$ 1,665,669

	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

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

3. Accumulated Surplus

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

	2024	2023
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 1,665,669	\$ 1,651,821
General surplus (deficit) (Note 6)	677,327	(8,919)
Reserves and reserve funds (Note 4)	799,225	1,072,458
Accumulated surplus	\$ 3,142,221	\$ 2,715,360

4. Reserves Set Aside for Specific Purpose

	2024	2023
Working funds	\$ 100,000	\$ 100,000
Building	579,664	579,664
Capital equipment	119,561	392,794
	\$ 799,225	\$ 1,072,458

5. Pension Agreements

The organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 29 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 2024 was \$127,325 (2023 - \$125,337). The contribution rate for 2024 was 9.0% to 15.8% depending on age and income level (2023 - 9.0% to 14.6%).

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, 2024. At that time the plan reported a \$2.90 billion actuarial deficit (2023 - \$4.20 billion actuarial deficit), based on actuarial liabilities of \$140.8 billion (2023 - \$134.6 billion) and actuarial assets of \$137.9 billion (2023 - \$130.4 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, 2024

6. 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 2024 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.

	2024 Budget	2024 Actual	2023 Actual
Annual surplus (deficit) (Page 5)	\$ (169,970)	\$ 426,861	\$ (559,652)
Acquisition of tangible capital assets	(382,122)	(242,921)	(361,189)
Amortization	219,970	210,078	217,649
Disposal of tangible capital assets	-	18,995	-
	(332,122)	413,013	(703,192)
Transfer to reserves	(50,000)	(50,000)	50,000
Transfer from reserves	382,122	323,233	431,636
	-	686,246	(221,556)
Prior year general surplus (deficit)	-	(8,919)	212,637
General surplus (deficit)	\$ -	\$ 677,327	\$ (8,919)

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

7. 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:

	2024	2023
Municipality of Brockton	\$ 8,175	\$ (104)
Municipality of Huron-Kinloss	20,806	17,909
Municipality of Kincardine	38,822	-
Municipality of Saugeen Shores	42,798	-
Municipality of South Bruce	5,768	-
Municipality of South Bruce Peninsula	12,124	5,768
	\$ 128,493	\$ 23,573

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

	2024	2023
Municipality of Arran-Elderslie	\$ 114,571	\$ 102,094
Municipality of Brockton	171,230	152,137
Municipality of Huron-Kinloss	356,639	303,699
Municipality of Kincardine	511,120	486,854
Municipality of Saugeen Shores	681,724	644,909
Municipality of South Bruce	45,921	38,341
Municipality of South Bruce Peninsula	268,415	240,181
	\$ 2,149,620	\$ 1,968,215

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

	2024	2023
Municipality of Brockton	\$ 20,784	\$ 17,043
Municipality of Huron-Kinloss	13,769	13,769
Municipality of Kincardine	51,977	47,595
Municipality of Saugeen Shores	43,647	42,122
Municipality of South Bruce	18,030	17,303
Municipality of South Bruce Peninsula	36,372	32,942
	\$ 184,579	\$ 170,774

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

8. Expenses by Object

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

	<u>2024</u>	<u>2023</u>
Salaries, wages and employee benefits	\$ 2,095,288	\$ 2,063,461
Materials	1,842,907	2,063,713
Rents and financial expenses	46,658	44,655
Amortization	210,078	217,649
	<u>\$ 4,194,931</u>	<u>\$ 4,389,478</u>

9. Economic Dependence

The Bruce Area Solid Waste Recycling's primary source of income in fiscal 2024 and 2025 is the Membership fees collected from the Municipality members. The Government of Ontario is taking over the residential Blue Box program as of January 1, 2026. The Organization submitted a bid in partnership with Waste Management to cover the Grey Bruce catchment area. The organization has been notified their bid was successful, however as of the audit report date the final contract has not been received for signing.

Bruce Area Solid Waste Recycling
Notes to Financial Statements

December 31, 2024

10. 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 concentration and possible default of 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 54.3% (2023 - 57.0%) of the accounts receivable balance and another customer makes up 32.6% (2023 - 32.6%). No other singular customer represents more than 20% of the receivables balance.

The organization is exposed to credit risk on its cash balances. Cash includes a total of \$1,080,879 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.

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 organization's accounts receivable are as follows:

As at December 31	2024	2023
Current	\$ 278,379	\$ 236,427
31 to 60 days	144,360	125,145
61 to 90 days	134,163	112,400
Over 90 days	27,863	33,862
Total	\$ 584,765	\$ 507,834

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	2024	2023
Within 6 months	\$ 258,979	\$ 208,967
6 months to 1 year	176,000	-
Total	\$ 434,979	\$ 208,967

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.