

DELISLE AND DISTRICT FIRE COMMISSION

Auditor's Report

Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Directors of **Delisle and District Fire Commission**

Report on the Financial Statements

Opinion

We have audited the financial statements of **Delisle and District Fire Commission**, which comprise the statement of financial position as at **December 31, 2022** and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 **Delisle and District Fire Commission** as at **December 31, 2022** and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 **Delisle and District Fire Commission** 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 accounting standards for not-for-profit organizations, 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 the use of the going concern basis of accounting unless management either intends to liquidate the entity or 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

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 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 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.

Saskatoon, Saskatchewan
March 28, 2023


Chartered Professional Accountants

DELISLE AND DISTRICT FIRE COMMISSION

STATEMENT OF FINANCIAL POSITION

December 31, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 161,703	177,800
Accounts receivable	6,429	8,492
GST receivable	<u>7,319</u>	<u>17,983</u>
Total current assets	175,451	204,275
Long-term investments	5	5
Equity in Co-operatives	2,944	2,845
Capital assets (Note 3)	<u>509,584</u>	<u>513,508</u>
	<u>\$ 687,984</u>	<u>720,633</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 2,114	3,191
Current portion of lease obligation (Note 6)	<u>15,611</u>	<u>14,059</u>
Total current liabilities	17,725	17,250
Deferred contributions (Note 7)	91,066	59,018
Lease obligation (Note 6)	<u>29,368</u>	<u>45,734</u>
Total liabilities	138,159	122,002
Net assets, per accompanying statement	<u>549,825</u>	<u>598,631</u>
	<u>\$ 687,984</u>	<u>720,633</u>

APPROVED ON BEHALF OF THE BOARD:

Director

Director

See accompanying notes to the financial statements.

DELISLE AND DISTRICT FIRE COMMISSION

STATEMENT OF OPERATIONS

Year ended December 31, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Revenue:		
Capital contributions	\$ 13,570	5,909
Contract fees	12,250	12,250
Donations and fundraising	793	497
Fire protection services	110,318	160,688
Interest and dividends	845	778
Member levies	<u>154,800</u>	<u>156,240</u>
	292,576	336,362
Expenditures:		
911 dispatching services	6,510	5,425
Administration support services (Note 8)	15,569	15,264
Advertising and promotion	328	124
Amortization	107,984	93,021
Bank charges	87	359
Christmas appreciation	-	1,500
Honorariums	21,429	36,438
Insurance	8,084	7,079
Interest on lease obligations	2,786	3,542
Memberships and licences	6,581	4,181
Office	1,453	731
Professional fees	4,346	4,134
Repairs and maintenance - buildings	8,255	4,746
Repairs and maintenance - equipment	26,073	63,882
Service fees	27,703	46,613
Supplies	16,204	11,557
Telephone	6,031	5,582
Training	2,787	4,706
Travel	3,390	1,946
Utilities	7,979	7,552
Wages and benefits	<u>67,803</u>	<u>66,899</u>
	<u>341,382</u>	<u>385,281</u>
Loss from operations	(48,806)	(48,919)
Other income (expenses):		
Gain (loss) on disposal of capital assets	-	21,988
Insurance recoveries	<u>-</u>	<u>2,349</u>
	<u>-</u>	<u>24,337</u>
Excess(deficiency) of revenue over expenditures	\$ <u>(48,806)</u>	<u>(24,582)</u>

See accompanying notes to the financial statements.

DELISLE AND DISTRICT FIRE COMMISSION

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2022
with comparative figures for 2021

	<u>Unrestricted</u>	<u>Invested in Capital</u>	<u>2022</u>	<u>2021</u>
Net assets at beginning of year	\$ 203,934	394,697	598,631	623,213
Excess of revenues over expenditures	48,394	(97,200)	(48,806)	(24,582)
Investment in capital assets	<u>(76,042)</u>	<u>76,042</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 176,286</u>	<u>373,539</u>	<u>549,825</u>	<u>598,631</u>

See accompanying notes to the financial statements.

DELISLE AND DISTRICT FIRE COMMISSION

STATEMENT OF CASH FLOWS

Year ended December 31, 2022
with comparative figures for 2021

	<u>2022</u>	<u>2021</u>
Operating activities:		
Excess of revenue over expenditures	\$ (48,806)	(24,582)
Items not involving an outlay of cash:		
Amortization	107,984	93,021
(Gain) Loss on disposal of capital assets	<u>-</u>	<u>(21,988)</u>
	59,178	46,451
Changes in non-cash working capital:		
Accounts receivable	12,727	(6,920)
Accounts payable	(1,077)	(9,470)
Deferred contributions	<u>32,048</u>	<u>39,066</u>
	<u>102,876</u>	<u>69,127</u>
Investing activities:		
Additions to capital assets	(104,059)	(179,566)
Proceeds on disposal of capital assets	-	25,000
Long-term investments	-	5
Equity in Co-operatives	<u>(99)</u>	<u>(75)</u>
	<u>(104,158)</u>	<u>(154,636)</u>
Financing activities:		
Lease obligation	<u>(14,815)</u>	<u>(14,059)</u>
Decrease in cash during the year	(16,097)	(99,568)
Cash position, beginning of year	<u>177,800</u>	<u>277,368</u>
Cash position, end of year	\$ <u>161,703</u>	<u>177,800</u>

See accompanying notes to the financial statements.

DELISLE AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

1. PURPOSE AND AUTHORITY

The councils of the Rural Municipality of Vanscoy No. 345, Village of Vanscoy and Town of Delisle have entered into an agreement to jointly acquire, maintain and operate fire fighting equipment to provide fire protective services within boundaries of the rural municipalities No. 315, 316, 345, 346. The Commission is exempt from income tax under ITA 149(1)(l).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following significant accounting policies:

(a) Cash

Cash consists of cash and balances with financial institutions which have a term to maturity of three months or less at the date of purchase.

Term deposits are carried at cost which approximates market value.

(b) Revenue recognition

The Commission follows the deferral method of accounting for contributions. Revenues related to general operations are recognized as revenue in the year services are provided. Revenues received in advance of related expenditures are deferred to the period when the expenditures are incurred.

(c) Capital assets

Capital assets are recorded at cost and amortization is calculated on a diminishing balance basis at the following rates:

Buildings	4%
Computers	30%
Equipment	20%
Vehicles	30%

(d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, any disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known.

DELISLE AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) **Financial Instruments**

Financial instruments, including cash, accounts receivable, GST receivable, and accounts payable and accrued liabilities, and lease obligations are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

3. CAPITAL ASSETS

		<u>2022</u>		<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	\$ 211,000	113,851	97,149	101,196
Computers	3,129	1,900	1,229	901
Equipment	286,570	179,705	106,865	108,661
Vehicles	<u>1,017,008</u>	<u>712,666</u>	<u>304,341</u>	<u>302,750</u>
	<u>\$ 1,517,707</u>	<u>1,008,122</u>	<u>509,584</u>	<u>513,508</u>

Equipment includes assets under capital lease of \$77,253 with accumulated amortization of \$32,755. Amortization is recorded at 20% per year using the declining balance method.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Commission carries a number of financial instruments. It is management's opinion that the Fire Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed. The carrying amount of cash, term deposits, accounts receivable and accounts payable approximates their fair value due to the short-term maturities of these items.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Commission is not exposed to significant market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission is not exposed to significant interest rate risk

5. ECONOMIC DEPENDENCE

As the Commission's primary source of income is derived from funding provided by the various municipalities, its ability to continue as a viable operation is dependent upon maintaining this funding.

DELISLE AND DISTRICT FIRE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

6. LEASE OBLIGATION

	<u>2022</u>	<u>2021</u>
Xena Associates Corp. Lease, repayable in monthly payments of \$1,466 including interest at 5.25%.	\$ 44,979	59,793
Less: current portion	<u>15,611</u>	<u>14,059</u>
	<u>\$ 29,368</u>	<u>45,734</u>

Principal payments due within each of the next three (3) years are as follows:

2023	\$ 15,611
2024	16,451
2025	12,917

7. DEFERRED CONTRIBUTIONS

Contributions for contributed capital assets are deferred and amortized over the life of the related assets.

The changes for the year in deferred contributions reported on the statement of financial position are as follows:

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 59,018	19,952
Plus: Amounts received	45,618	44,975
Less: Amounts amortized to revenue	<u>(13,570)</u>	<u>(5,909)</u>
Closing balance	<u>\$ 91,066</u>	<u>59,018</u>

8. RELATED PARTY TRANSACTIONS

During the year, the Commission paid \$15,569 to a Board member as compensation for administrative support services provided (2021 - \$15,264). No portion of the fees paid to the Board member was in relation to work performed as a member of the Board of Directors. These amounts have been included in administration support services in the statement of operations.

The Commission also provides fire protection services to the governing municipalities. \$3,243 of these fees remain outstanding at December 31, 2022 and are included in accounts receivable on the statement of financial position.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the Commission and the related parties.