

Financial Statements

**THE CORPORATION OF THE
MUNICIPALITY OF HURON SHORES
TRUST FUNDS**

Year ended December 31, 2020

DRAFT

**THE CORPORATION OF THE MUNICIPALITY OF
HURON SHORES
TRUST FUNDS**

Index to Financial Statements

Year ended December 31, 2020

	Page
Management's Responsibility for the Financial Statements	
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Operations	2
Statement of Change in Fund Balance	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Municipality of Huron Shores Trust Funds (the "Trust") are the responsibility of the Trust's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Trust's management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Trust. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Trust's financial statements.

Clerk/Administrator

Treasurer

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Huron Shores

Opinion

We have audited the financial statements of the trust funds of The Corporation of The Municipality of Huron Shores (the "Trust"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in fund balance for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020 and the continuity of trust funds 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Trust 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 the 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditors' 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 auditors' 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 the 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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust 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
- 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

Sault Ste. Marie, Canada

June 23, 2021

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	OHRP	Perpetual Care	2020 Total	2019 Total
Financial assets				
Cash (note 2)	\$ -	\$ 91	\$ 91	\$ 1,891
Investments (note 3)	-	51,249	51,249	49,398
Loans receivable (note 4)	2,428	-	2,428	2,428
Due from municipality	-	1,600	1,600	1,700
	\$ 2,428	\$ 52,940	\$ 55,368	\$ 55,417
Financial liabilities				
Due to Cemetery Operating Fund (note 5)	\$ -	\$ 949	\$ 949	\$ 2,598
Fund balance	2,428	51,991	54,419	52,819
	\$ 2,428	\$ 52,940	\$ 55,368	\$ 55,417

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES TRUST FUNDS

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	OHRP	Perpetual Care	Total 2020	Total 2019
Revenues:				
Interest	\$ -	\$ 1,164	\$ 1,164	\$ 936
Perpetual care receipts	-	1,600	1,600	1,700
Total revenues	-	2,764	2,764	2,636
Expenses:				
Transfer of interest to the Cemetery Operating Fund	-	1,164	1,164	936
Total expenses	-	1,164	1,164	936
Annual surplus	\$ -	\$ 1,600	\$ 1,600	\$ 1,700

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Statement of Change in Fund Balance

Year ended December 31, 2020, with comparative information for 2019

	OHRP	Perpetual Care	Total 2020	Total 2019
Fund balance, beginning of year	\$ 2,428	\$ 50,391	\$ 52,819	\$ 51,119
Annual surplus	-	1,600	1,600	1,700
Fund balance, end of year	\$ 2,428	\$ 51,991	\$ 54,419	\$ 52,819

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

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THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES TRUST FUNDS

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,600	\$ 1,700
Change in non-cash assets and liabilities:		
Decrease (increase) in due from municipality	100	(1,000)
Increase (decrease) in due to Cemetery Operating Fund	(1,649)	936
Net change in cash	51	1,636
Cash, beginning of year	51,289	49,653
Cash, end of year	\$ 51,340	\$ 51,289
Cash is represented by:		
Cash	\$ 91	\$ 1,891
Investments	51,249	49,398
	\$ 51,340	\$ 51,289

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Huron Shores Trust Funds (the "Trust") are prepared by management in accordance with the Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by Council are as follows:

(a) Basis of accounting:

The financial statements are reported on the accrual method of accounting for revenue and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Trust has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Trust determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial assets is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Trust expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect 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. Actual results could differ from those estimates.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Revenue recognition:

Contribution from the municipality is recognized when received. Interest is recognized when earned.

(e) Investment:

Investments are carried at cost, which is approximate market value.

2. Cash:

Cash is represented by funds on deposit in chartered banks, plus any accrued interest.

3. Investments:

The total investments held by the Trust of \$51,249 (2019 - \$49,398) are reported on the statement of financial position at cost, have a market value of \$51,249 (2019 - \$49,398) at the end of the year.

4. Ontario Home Renewal Program Fund (O.H.R.P.):

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2020, are payable by the owner occupant. In the event of the sale or lease of the home, or in the event of the homeowner ceasing to occupy the home, the balances of the loan immediately becomes due and payable.

The OHRP program was discontinued by the Ontario Ministry of Housing in July 1993. At that time, the Ministry requested the repayment of all trust funds held by Municipality. The cash accumulated in the trust fund is being repaid to the Ministry on an annual basis.

5. Perpetual care fund:

The Perpetual Care Fund administered by the Municipality is funded by the sale of cemetery plots. At December 31, 2020, \$1,600 (2019 - \$1,700) was owing to the Perpetual Care Fund. These funds are invested and earnings derived from these investments are used to perform perpetual care maintenance to the Municipality's cemeteries. At December 31, 2020, \$949 (2019 - \$2,598) was owing to the Cemetery Operating Fund for interest earned during the period. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2020

6. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700 – *Segmented Disclosures* establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Trust has two identifiable segments:

- a) Ontario Home Renewal Program Fund (note 4)
- b) Perpetual Care (note 5)

The disclosure of these segments is presented in the Statement of Operations and Accumulated Surplus.

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