

**Wadena and District Fire Association**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2018**

# Wadena and District Fire Association

Wadena, Saskatchewan

December 31, 2018

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## Independent Auditors' Report

To the Board of Directors  
Wadena and District Fire Association

### *Opinion*

We have audited the financial statements of Wadena and District Fire Association (the non-profit), which comprise the Statement of Financial Position as at December 31, 2018 and the Statements of Operations, Changes in Net Assets and Cash Flow 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 non-profit as at December 31, 2018, and results of its operations and its cash flow 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 non-profit 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 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 non-profit'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 non-profit or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the non-profit'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 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 non-profit'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 non-profit'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 non-profit 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.

**Baker Tilly SK LLP**

*Baker Tilly SK LLP*

Yorkton, SK  
August 8, 2019

**Wadena and District Fire Association**  
Wadena, Saskatchewan  
Statement of Financial Position as at December 31, 2018

|   | 2018                     | 2017<br>(Note 7)         |
|---|--------------------------|--------------------------|
| <b>Assets</b>                                     |                          |                          |
| <b>Current Assets</b>                             |                          |                          |
| Cash and cash equivalents                         | 82,324                   | 119,464                  |
| Short-term investments                            | 355,343                  | 202,708                  |
| Accounts receivable - note 3                      | 15,393                   | 39,751                   |
| Prepaid expenses                                  | <u>2,393</u>             | <u>2,505</u>             |
|   | 455,453                  | 364,428                  |
| <br><b>Long-Term Investments</b>                  | <br>1,025                | <br>971                  |
| <br><b>Capital Assets - note 4</b>                | <br><u>181,039</u>       | <br><u>188,129</u>       |
|   | <b><u>\$ 637,517</u></b> | <b><u>\$ 553,528</u></b> |
| <b>Liabilities and Net Assets</b>                 |                          |                          |
| <b>Current Liabilities</b>                        |                          |                          |
| Accounts payable and accrued liabilities - note 5 | <u>4,129</u>             | <u>2,417</u>             |
| <b>Net Assets</b>                                 |                          |                          |
| Internally-restricted net assets - note 6         | 452,349                  | 362,982                  |
| Invested in capital assets                        | <u>181,039</u>           | <u>188,129</u>           |
|   | 633,388                  | 551,111                  |
|   | <b><u>\$ 637,517</u></b> | <b><u>\$ 553,528</u></b> |

Approved on behalf of the board:

*Bernard J. Schultz*

## Wadena and District Fire Association

Statement of Changes in Net Assets  
For the year ended December 31, 2018

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|  | Internally-<br>Restricted<br>Net Assets | Invested<br>in Capital<br>Assets | 2018<br>Total     | 2017<br>Total<br>(Note 7) |
|--|---|----------------------------------|-------------------|---------------------------|
| Balance, beginning of year                                   | 362,982                                 | 188,129                          | 551,111           | 464,153                   |
| Excess (deficiency) of revenue over<br>expenses for the year | 112,435                                 | ( 30,158)                        | 82,277            | 86,958                    |
| Assets acquired - charged to operations                      | <u>( 23,068)</u>                        | <u>23,068</u>                    | <u>          </u> | <u>          </u>         |
| Balance, end of year   | <u>\$ 452,349</u>                       | <u>\$ 181,039</u>                | <u>\$ 633,388</u> | <u>\$ 551,111</u>         |

*The notes to financial statements are an integral  
part of these financial statements.*

# Wadena and District Fire Association

## Statement of Operations

For the year ended December 31, 2018

|  | Budget<br>(Unaudited) | 2018             | 2017<br>(Note 7) |
|--|-----------------------|------------------|------------------|
| <b>Revenue</b>   |                       |                  |                  |
| Municipal appropriations                                   |                       |                  |                  |
| Levy   | 73,757                |                  |                  |
| Town of Wadena   |                       | 28,350           | 32,650           |
| R. M. of Elfros  |                       | 1,407            | 1,407            |
| R. M. of Lakeview  |                       | 8,400            | 8,300            |
| R. M. of Sasman  |                       | 34,925           | 34,925           |
| Village of Margo   |                       | 2,075            | 2,500            |
| Fishing Lake Indian Reserve                                | 13,500                | 15,000           | 12,000           |
| Other  |                       |                  |                  |
| Fire calls   | 50,000                | 70,170           | 86,727           |
| Air fills  | 50                    |                  |                  |
| Goods and services tax recovery                            | 3,000                 |                  |                  |
| Donations  | 500                   | 800              | 628              |
| Interest   | 3,000                 | 1,602            | 4,062            |
| Other  | 100                   | 8,601            | 95               |
|  | <u>143,907</u>        | <u>171,330</u>   | <u>183,294</u>   |
| <b>Operating Expenses - page 10</b>                        | <u>120,405</u>        | <u>58,895</u>    | <u>77,230</u>    |
| <b>Excess of Revenue over Expenses Before Amortization</b> | 23,502                | 112,435          | 106,064          |
| Amortization   | <u>20,000</u>         | <u>30,158</u>    | <u>19,106</u>    |
| <b>Excess of Revenue over Expenses for the Year</b>        | <u>\$ 3,502</u>       | <u>\$ 82,277</u> | <u>\$ 86,958</u> |

*The notes to financial statements are an integral part of these financial statements.*

## Wadena and District Fire Association

### Statement of Cash Flow

For the year ended December 31, 2018

|  | 2018              | 2017<br>(Note 7)  |
|--|-------------------|-------------------|
| <b>Cash Provided By (Used In):</b>               |                   |                   |
| Operations                                       |                   |                   |
| Excess of revenue over expenses for the year     | 82,277            | 86,958            |
| Add items not requiring cash resources           |                   |                   |
| Amortization                                     | 30,158            | 19,106            |
| Other receivables                                | 24,356            | ( 19,113)         |
| Prepayments and deferred charges                 | 113               | ( 344)            |
| Accounts payable                                 | <u>1,712</u>      | <u>1,417</u>      |
|  | 138,616           | 88,024            |
| Investing activities                             |                   |                   |
| Long-term investments                            | ( 53)             | ( 971)            |
| Financing activities                             |                   |                   |
| Acquisition of capital assets                    | <u>( 23,068)</u>  | <u>( 110,521)</u> |
| <b>Net Cash Increase (Decrease) for the Year</b> | 115,495           | ( 23,468)         |
| Cash position, beginning of year                 | <u>322,172</u>    | <u>345,640</u>    |
| <b>Cash Position, End of Year</b>                | <u>\$ 437,667</u> | <u>\$ 322,172</u> |
| <b>Represented By:</b>                           |                   |                   |
| Cash   | <u>\$ 437,667</u> | <u>\$ 322,172</u> |

*The notes to financial statements are an integral part of these financial statements.*



# Wadena and District Fire Association

Notes to Financial Statements

For the year ended December 31, 2018

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## 1. Nature of Operations

The organization was formed by urban and rural municipalities in the Wadena, Saskatchewan area for the purpose of providing firefighting services to residents in the member municipalities.

Funding for the association consists primarily of annual contributions from the member municipalities and from fees charged for the firefighting services provided.

## 2. Significant Accounting Policies

The financial statements of the municipality are prepared by management in accordance with the local government accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies are as follows:

### (a) Basis of presentation

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognized revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

### (b) Investments

Investments in subsidiaries are accounted for using the cost method. Under the cost method, the investment is recorded at cost. Dividends and other investment earnings received or receivable from the investee are recorded in income. When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from sale. Such impairments can be subsequently reversed if value subsequently improves.

### (c) Government transfers

Government transfers are recognized as either expenditures or revenues in the period that the events giving rise to the transfer occurred, as long as:

- (i) the transfer is authorized;
- (ii) eligibility criteria have been met by the recipient; and
- (iii) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

Other services are recognized as revenue upon the provision of the service, and ancillary revenues are recognized as revenue upon the receipt of the cash.

## Wadena and District Fire Association

Notes to Financial Statements  
For the year ended December 31, 2018

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### 2. Significant Accounting Policies - continued

#### (d) Tangible capital assets

All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The municipality's tangible capital asset useful lives are estimated as follows:

| General Assets            | Useful Life |
|---------------------------|-------------|
| Fire trucks and equipment | 10 years    |
| Computer equipment        | 5 years     |

#### (e) Government contributions

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

#### (f) Capitalization of interest

The municipality does not capitalize interest incurred while a tangible capital asset is under construction.

#### (g) Leases

All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight-line basis over their estimated useful lives (lease term). Any other lease not meeting the before-mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

#### (h) Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

Significant estimates have been made in the following financial statement areas:

- useful lives of capital assets
- collection of accounts receivable

## Wadena and District Fire Association

Notes to Financial Statements  
For the year ended December 31, 2018

|  | 2018              | 2017              |
|--|-------------------|-------------------|
| <b>3. Accounts Receivable</b>  |                   |                   |
| Accounts receivable are comprised of the following items:                      |                   |                   |
| Trade accounts receivable  | 12,295            | 38,403            |
| Federal government   | <u>3,098</u>      | <u>1,348</u>      |
|  | <u>\$ 15,393</u>  | <u>\$ 39,751</u>  |
| <b>4. Capital Assets</b>   |                   |                   |
| Cost   |                   |                   |
| Fire trucks and equipment  | 557,737           | 534,669           |
| Computer equipment   | <u>702</u>        | <u>702</u>        |
|  | <u>558,439</u>    | <u>535,371</u>    |
| Accumulated amortization   |                   |                   |
| Fire trucks and equipment  | 376,980           | 346,962           |
| Computer equipment   | <u>420</u>        | <u>280</u>        |
|  | <u>377,400</u>    | <u>347,242</u>    |
| Net book value   | <u>\$ 181,039</u> | <u>\$ 188,129</u> |
| <b>5. Accounts Payable and Accrued Liabilities</b>                             |                   |                   |
| Accounts payable and accrued liabilities are comprised of the following items: |                   |                   |
| Accounts payable   | 3,116             | 1,404             |
| Government remittances   | 13                | 13                |
| Accrued liabilities  | <u>1,000</u>      | <u>1,000</u>      |
|  | <u>\$ 4,129</u>   | <u>\$ 2,417</u>   |

### 6. Restrictions on Net Assets

In accordance with the agreement between the members of the association, the net assets of the association will be used for future capital expenditures.

### 7. Comparative Figures

Certain balances for comparative purposes have been reclassified to conform with the current year's presentation.

# Wadena and District Fire Association

## Schedule of Expenses

For the year ended December 31, 2018

|                                    | Budget<br>(Unaudited) | 2018             | 2017<br>(Note 7) |
|------------------------------------|-----------------------|------------------|------------------|
| Operating                          |                       |                  |                  |
| Firemen                            |                       |                  |                  |
| Remuneration                       | 35,600                | 26,128           | 30,856           |
| Training                           | 8,000                 | 1,259            | 9,602            |
| Fire equipment                     |                       |                  |                  |
| Insurance                          | 3,000                 | 2,751            | 2,465            |
| Maintenance                        | 7,000                 | 7,399            | 2,038            |
| Fire hall                          |                       |                  |                  |
| Maintenance                        | 1,000                 | 149              | 112              |
| Utilities                          | 4,500                 | 3,800            | 4,169            |
| Fire trucks                        |                       |                  |                  |
| Fuel                               | 2,000                 | 1,960            | 1,716            |
| Maintenance                        |                       | 167              | 67               |
| Area fire calls                    | 5,000                 |                  |                  |
| Communication                      | 750                   | 4,394            | 2,255            |
| Radio and communications equipment | 37,500                |                  |                  |
| Radio license                      | 200                   | 318              | 403              |
| Small equipment and tools          | 7,250                 | 4,138            | 16,122           |
| Telephone and alarm system         |                       | 457              | 659              |
| Administration                     |                       |                  |                  |
| Advertising and promotion          | 50                    |                  |                  |
| Bank charges                       | 100                   | 43               | 42               |
| Freight                            |                       |                  | 41               |
| Memberships                        | 500                   | 170              | 160              |
| Office                             | 500                   | 735              | 453              |
| Other                              | 1,455                 | 300              | 400              |
| Professional fees                  | 1,500                 | 1,537            | 1,431            |
| Remuneration - secretary           | 2,500                 | 2,595            | 3,020            |
| Small tools                        | 500                   | 276              |                  |
| Supplies                           | 1,000                 | 241              | 1,201            |
| Workers' compensation              | 500                   | 78               | 18               |
|                                    | <u>\$ 120,405</u>     | <u>\$ 58,895</u> | <u>\$ 77,230</u> |

*The notes to financial statements are an integral part of these financial statements.*