

DRAFT Financial Statements of

**THE CORPORATION OF
THE TOWNSHIP OF
SOUTHGATE TRUST
FUNDS**

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Southgate Trust Funds

Opinion

We have audited the financial statements of The Corporation of the Township of Southgate Trust Funds (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of statement of continuity 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 Entity as at December 31, 2023 and its statement of continuity, 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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to 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 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 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 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.
- 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.

Page 3

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

THE CORPORATION OF THE TOWNSHIP OF SOUTHGATE TRUST FUNDS

Statement of Financial Position

DRAFT

December 31, 2023, with comparative information for 2022

| | Township Cemetery Care and Maintenance | Egremont Optimist Club | Other Cemetery Care and Maintenance | 2023 Total | 2022 Total |
|-------------------------------------|---|---------------------------|--|-------------------|-------------------|
| Assets | | | | | |
| Cash | \$ 100,072 | \$ 39,215 | \$ 1,985 | \$ 141,272 | \$ 130,261 |
| Accounts receivable | 1,905 | - | - | 1,905 | 2,072 |
| Investments, at cost (note 2) | 165,441 | - | 26,608 | 192,049 | 191,906 |
| Due from (to) Township of Southgate | (2,912) | (20,351) | - | (23,263) | (1,474) |
| | \$ 264,506 | \$ 18,864 | \$ 28,593 | \$ 311,963 | \$ 322,765 |

Fund Balance

| | | | | | |
|--------------|-------------------|------------------|------------------|-------------------|-------------------|
| Fund Balance | \$ 264,506 | \$ 18,864 | \$ 28,593 | \$ 311,963 | \$ 322,765 |
| | \$ 264,506 | \$ 18,864 | \$ 28,593 | \$ 311,963 | \$ 322,765 |

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF SOUTHGATE TRUST FUNDS

Statement of Statement of Continuity

DRAFT

Year ended December 31, 2023, with comparative information for 2022

| | Township Cemetery Care and Maintenance | | Egremont Optimist Club | Other Cemetery Care and Maintenance | | 2023 Total | 2022 Total |
|---|--|---------|------------------------|-------------------------------------|----|------------|-----------------------|
| Receipts: | | | | | | | |
| Plot sales | \$ | 1,980 | \$ | - | \$ | 1,980 | \$ 6,095 |
| Interest earned | | | | | | | |
| - TCCM | | 9,167 | | 1,931 | | 11,611 | 6,641 |
| Donations - EG | | - | | 16,100 | | 16,100 | 9,765 |
| C&M Funds | | | | | | | |
| Received | | - | | - | | 550 | 727 |
| | | 11,147 | | 18,031 | | 30,241 | 23,228 |
| Expenses - funds released | | 8,722 | | 31,832 | | 41,043 | 13,941 |
| Excess (deficiency) of receipts over expenses | | 2,425 | | (13,801) | | 574 | (10,802) 9,287 |
| Fund balance, beginning of year | | 262,081 | | 32,665 | | 28,019 | 322,765 313,478 |
| Fund balance, end of year | \$ | 264,506 | \$ | 18,864 | \$ | 28,593 | \$ 311,963 \$ 322,765 |

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF SOUTHGATE TRUST FUNDS

Notes to Financial Statements

DRAFT

Year ended December 31, 2023

Nature of operations:

The Corporation of the Township of Southgate Trust Funds (the "Trust Funds") were created in accordance with the Municipal Act.

1. Significant accounting policies:

(a) Management responsibility:

Management of the Corporation of the Township of Southgate has prepared and is responsible for the integrity, objectivity and accuracy of the financial statements. Council reviews and approves the financial statements.

(b) Basis of accounting:

The financial statements of the Corporation of the Township of Southgate Trust Funds are the representation of management. They have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue 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.

(c) Use of estimates:

The preparation of financial information 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 information, 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.

(d) Basis of consolidation:

These Trust Funds have not been consolidated with the financial statements of the Township.

THE CORPORATION OF THE TOWNSHIP OF SOUTHGATE TRUST FUNDS

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2023

2. Investments:

The total investments of \$192,049 reported on the Statement of Financial Position at cost have a market value of \$192,049 at the end of the year.