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**EASTERN INTERLAKE PLANNING DISTRICT**  
**Financial Statements**  
**Year Ended December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Eastern Interlake Planning District

### *Qualified Opinion*

We have audited the financial statements of Eastern Interlake Planning District (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization derives revenue from permits, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Eastern Interlake Planning District and we were not able to determine whether any adjustments might be necessary to permits, excess of revenue over expenses, current assets and net assets.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

Independent Auditor's Report to the Members of Eastern Interlake Planning District *(continued)*

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.

Winnipeg, Manitoba  
April 8, 2019

  
KALER CATIBOG  
CHARTERED PROFESSIONAL ACCOUNTANTS

**EASTERN INTERLAKE PLANNING DISTRICT**

**Statement of Financial Position**

**December 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 92,435	\$ 169,809
Accounts receivable	<u>1,756</u>	<u>1,780</u>
	94,191	171,589
PROPERTY, PLANT AND EQUIPMENT <i>(Note 5)</i>	<u>1,089</u>	<u>1,380</u>
	<u>\$ 95,280</u>	<u>\$ 172,969</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 3,888	\$ 3,449
<b>NET ASSETS</b>		
General fund	<u>91,392</u>	<u>169,520</u>
<b>LIABILITIES AND NET ASSETS</b>	<u>\$ 95,280</u>	<u>\$ 172,969</u>

**ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

See notes to financial statements

**EASTERN INTERLAKE PLANNING DISTRICT**

**Statement of Revenues and Expenditures**

**Year Ended December 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Municipal contributions	\$ 100,000	\$ 100,000
Permits - building and plumbing	120,818	258,501
Permits - fire inspection	5,580	3,800
Fees - rezoning and amendments	15,525	13,535
Inspection services and other	1,088	1,718
	<u>243,011</u>	<u>377,554</u>
<b>EXPENDITURES</b>		
Advertising and promotion	-	254
Amortization	291	374
Insurance	114	106
Interest and bank charges	124	209
Meetings and conventions	1,765	5,128
Memberships	190	554
Office	11,809	12,864
Board members - remuneration	3,464	3,597
Board members - mileage	1,228	1,118
Professional fees	3,043	3,418
Rental	12,311	12,011
Repairs and maintenance	1,687	665
Salaries and wages	277,893	251,148
Telephone	7,011	6,933
Training	2,466	6,399
	<u>323,396</u>	<u>304,778</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>(80,385)</b>	<b>72,776</b>
<b>INTEREST INCOME</b>	<b>2,256</b>	<b>1,317</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (78,129)</b>	<b>\$ 74,093</b>

See notes to financial statements

**EASTERN INTERLAKE PLANNING DISTRICT**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 169,521</b>	<b>\$ 95,427</b>
Excess (deficiency) of revenues over expenditures	<u>(78,129)</u>	<u>74,093</u>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 91,392</b>	<b>\$ 169,520</b>

See notes to financial statements

**EASTERN INTERLAKE PLANNING DISTRICT**

**Statement of Cash Flow**

**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	\$ (78,129)	\$ 74,093
Item not affecting cash:		
Amortization of property, plant and equipment	291	374
	<u>(77,838)</u>	<u>74,467</u>
Changes in non-cash working capital:		
Accounts receivable	24	(236)
Accounts payable	440	361
	<u>464</u>	<u>125</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(77,374)</b>	<b>74,592</b>
Cash - beginning of year	<u>169,809</u>	<u>95,217</u>
<b>CASH - END OF YEAR</b>	<b>\$ 92,435</b>	<b>\$ 169,809</b>

See notes to financial statements

# EASTERN INTERLAKE PLANNING DISTRICT

## Notes to Financial Statements

Year Ended December 31, 2018

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### 1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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### 2. DESCRIPTION OF BUSINESS

The Eastern Interlake Planning District is a not-for-profit, not incorporated organization operating to control the construction of buildings and administer the Development Agreement between the municipal members. The Eastern Interlake Planning District is regulated by the Municipal Act and Planning Act of Manitoba.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue recognition

Eastern Interlake Planning District follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Revenue recognition

The Planning District recognizes permit, fees and inspection services revenue when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Planning District regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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**EASTERN INTERLAKE PLANNING DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2018**

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4. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Planning District is exposed to credit risk from customers. In order to reduce its credit risk, the Planning District reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Planning District has a significant number of customers which minimizes concentration of credit risk.

Fair Value

The Planning District's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 9,327	\$ 9,221	\$ 106	\$ 151
Furniture and fixtures	50,891	49,908	983	1,229
	<u>\$ 60,218</u>	<u>\$ 59,129</u>	<u>\$ 1,089</u>	<u>\$ 1,380</u>

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6. PUBLIC SECTOR COMPENSATION DISCLOSURE

In accordance with the Public Sector Compensation Disclosure Act officers and employees with 2018 compensation exceeding \$50,000 are as follows:

Nancy Thom	\$68,000
Kevin Zazulinski	\$53,025
Scott Gwizdak	\$52,780

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7. COMMITMENTS

For office space, the Planning District rents the space from the Rural Municipality of Gimli. The formal lease agreement states that the Planning District is to make monthly payments of \$1,052 in 2019.

The Planning District has entered into the following lease agreements:

Ricoh - 60 month lease for a Ricoh photocopier, expiring in 2023,  
payable at \$508 per quarter.

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**EASTERN INTERLAKE PLANNING DISTRICT**

**Notes to Financial Statements**

**Year Ended December 31, 2018**

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8. ECONOMIC DEPENDENCE

The Planning District receives approximately 41% of its revenues from the Municipalities. Should they substantially change their contributions with the Planning District, management is of the opinion that continued viable operations would be doubtful.

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**RESOLUTION**

MOVED BY: <b>F. Andersen</b>	RESOLUTION NO: <b>3</b>
SECONDED BY: <b>J. Crackle</b>	DATE: <b>April 8, 2019</b>

BE IT HEREBY RESOLVED to confirm the Draft 2018 Year End Audited Financial Statements from Kaler Catibog Chartered Professional Accountants, formerly known as Bell & Green, as presented.

**CARRIED.**

*Robert Thorsteinson*

**CHAIR**

**CERTIFIED** to be a true and correct copy  
of a Resolution passed by the Eastern  
Interlake Planning District Board Duly  
Assembled on **April 8<sup>th</sup>, 2019.**

  
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**Nancy Thom, CMMA**  
**Chief Administrative Officer/Development Officer**