

The Corporation of the Township of Chisholm

Audit communication to the Mayor and Council
for the year ended December 31, 2024

Presented on April 8, 2025



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To the Mayor and Council of The Corporation of the Township of Chisholm

For the year ended December 31, 2024

We are pleased to provide you with this communication to highlight and explain key issues which we believe to be relevant to the audit of The Corporation of the Township of Chisholm (the "Township") financial statements for the year ended December 31, 2024.

The enclosed communication includes our approach to your audit, including: significant risks identified, the nature, extent, timing, and results of our audit work, and the terms of our engagement. We will also communicate any significant internal control deficiencies identified during our audit and confirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our communication with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
April 8, 2025



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For the year ended December 31, 2024



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For the year ended December 31, 2024



Audit at a glance

Your dedicated BDO audit team:

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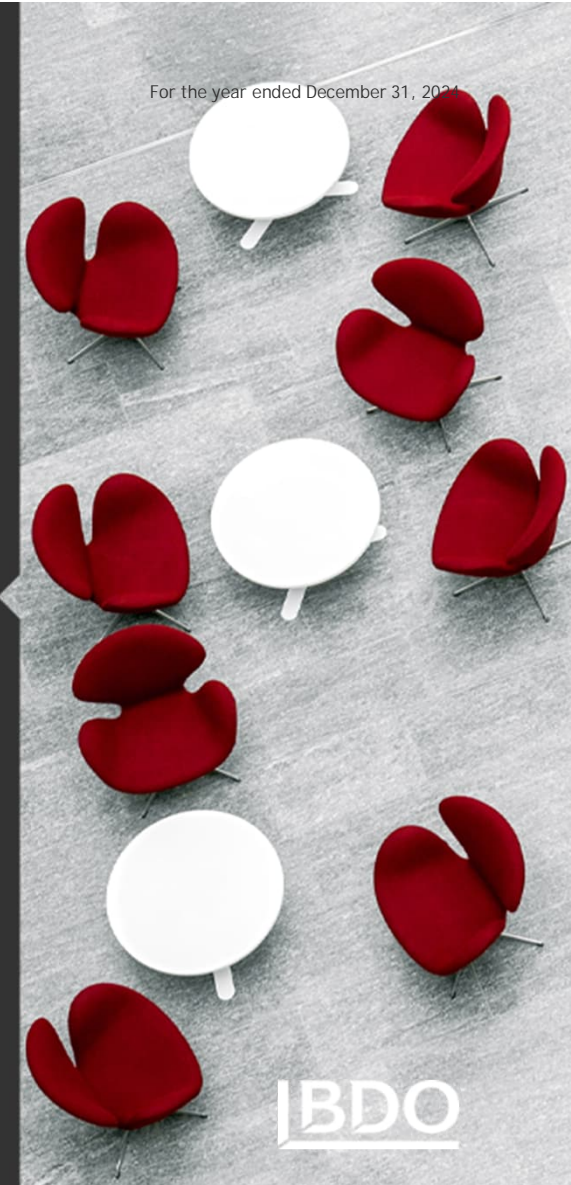
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Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter, is set out below:

- ▶ Present significant findings to the Mayor and Council including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- ▶ Provide timely and constructive management letters. This includes deficiencies in internal control identified during our audit.
- ▶ Consult regarding accounting, income taxes, and reporting matters as requested throughout the year.
- ▶ Identify and assess the risks of material misstatement due to fraud.
- ▶ Obtain sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses.
- ▶ Respond appropriately to fraud or suspected fraud identified during the audit.

For the year ended December 31, 2024



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For the year ended December 31, 2024



Auditor's responsibilities: fraud risks

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

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Auditor's responsibilities: fraud risks

During the audit, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Township's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Township, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in The Corporation of the Township of Chisholm; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not aware of any fraud affecting the Township. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.

For the year ended December 31, 2024



Audit at a glance

Materiality

We determined materiality to be \$78,000 for the year ended December 31, 2024.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

We communicated all corrected and uncorrected misstatements identified during our audit to the Mayor and Council, other than those which we determined to be "clearly trivial."

We encouraged management to correct any misstatements identified throughout the audit process.

Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between The Corporation of the Township of Chisholm and our Firm that may reasonably be thought to bear on our independence.

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Status of the audit

We have substantially completed our audit of the year ended December 31, 2024 financial statement, pending the following:

- Approval of the draft financial statements by Mayor and Council
- Receipt of signed management representation letter
- Subsequent events and file testing required up to audit report date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our final independent auditor's report.

For the year ended December 31, 2024

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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Township's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Taxation Revenue	Inherent fraud risk related to revenue recognition which could lead to a material misstatement of the financial statements. Risk that taxation revenue is accurate and collectible at year-end	All audit procedures in this area were executed as planned, with no errors noted.
Management Override of Controls	Management is in a unique position to perpetrate fraud because of management's ability to override controls, potentially leading to a material misstatement of the financial statements.	All audit procedures in this area were executed as planned and no errors noted.
Accounts payable and accruals	In common with similar organizations, there is a risk surrounding year-end cut-off and the completeness of accounts payable and accrued liabilities	All audit procedures in this area were executed as planned.
Asset retirement obligations and landfill	There is a risk that the financials do not accurately reflect adoption of Asset Retirement Obligation Standards, including updates to landfill.	Landfill has been recorded under pre-changeover rules and asset retirement obligation was not adopted in 2023 due to limited information available, as such the auditor's opinion has been adjusted accordingly with a qualification paragraph.
Casselholme Capital Liability	Risk that the long-term debt is not complete and accurate based on fluctuating interest rates.	All audit procedures in this area were executed as planned, with a restated liability for the 2023 year-end, adjusted in 2024 for current interest rates.

For the year ended December 31, 2024



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Internal control matters

During the audit, we performed the following procedures regarding the Township's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Township's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

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For the year ended December 31, 2024



Adjusted and unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

Summary of adjusted differences

See next page for a list of adjusting journal entries approved by management during the audit engagement.

The Corporation of the Township of Chisholm

Year End: December 31, 2024

Journal Entries

Date: 2024-01-01 To 2024-12-31

Number	Date	Name	Account No	Reference	Debit	Credit
1	2024-12-31	Reserve - Fire Department	1-2-6000-4100	CY	119,813.58	
1	2024-12-31	Reserve - Fire Department	1-2-6000-4100	CY		24,551.27
1	2024-12-31	Reserve for Working Funds	1-2-6000-4110	CY		20,000.00
1	2024-12-31	Reserve for Capital Expenditures	1-2-6000-4190	CY		1,413.10
1	2024-12-31	Reserve for Road Equipment	1-2-6000-4210	CY	32,500.00	
1	2024-12-31	Reserve for Road Equipment	1-2-6000-4210	CY		12,000.00
1	2024-12-31	Reserve for Gas Tax Funds	1-2-6000-4240	CY		25,000.00
1	2024-12-31	Reserve for Building Dept	1-2-6000-4300	CY	10,341.40	
1	2024-12-31	Reserve for OPZB Review	1-2-6000-4301	CY		10,000.00
1	2024-12-31	Reserve for Landfill Closure	1-2-6000-4402	CY	10,400.00	
1	2024-12-31	Reserve for Future Road Needs	1-2-6000-4500	CY	20,000.00	
1	2024-12-31	Contribution from Reserves-Worl	1-3-8000-9905	CY	20,000.00	
1	2024-12-31	Contribution from Res - Gas Tax	1-3-8000-9955	CY	25,000.00	
1	2024-12-31	Contribution from Reserves -Plar	1-3-8000-9980	CY	10,000.00	
1	2024-12-31	Traf to Reserves for Fire Dept	1-4-0500-2250	CY		119,813.58
1	2024-12-31	Transfer to Reserve for Building I	1-4-0800-2430	CY		10,341.40
1	2024-12-31	Traf to reserves for Equipment	1-4-1100-4320	CY		32,500.00
1	2024-12-31	Transfer to Reserve for Future R	1-4-1100-4436	CY		20,000.00
1	2024-12-31	Traf to Reserve Landfill Closure	1-4-1300-4520	CY		10,400.00
1	2024-12-31	Transfer from Reserves Fire Dep	2-3-6500-5800	CY	24,551.27	
1	2024-12-31	Contr from Res for Cap Expendit	2-3-8000-4190	CY	1,413.10	
1	2024-12-31	Contribution From Reserves- Ro.	2-3-8000-9920	CY	12,000.00	
To adjust accumulated surplus accounts to actual based on transfers						
2	2024-12-31	Post Empl Benefits to Be Recove	1-1-9000-8120	CY/PY	2,355.96	
2	2024-12-31	Cap Outlay to be Recovered-Oth	1-1-9000-8140	CY/PY		2,355.96
2	2024-12-31	Cap Outlay to be Recovered-Oth	1-1-9000-8140	CY/PY		2,191.73
2	2024-12-31	Surplus / Deficit	1-2-7000-8111	CY/PY	2,191.73	
To bring recovered accounts to actual (before adjustment to landfill)						
3	2024-12-31	Invested in Capital Assets	1-2-7000-7000		332,303.56	
3	2024-12-31	Surplus / Deficit	1-2-7000-8111			332,303.56
To bring TCA investment to actual (before any adjustments to amortization booked by client)						
4	2024-12-31	Accumulated Amortization - Roar	1-1-7000-7012	U.02		466.18
4	2024-12-31	Acc. Amort. - Vehicles	1-1-7000-7015	U.02		7,081.15
4	2024-12-31	Acc. Amort. - Vehicles	1-1-7000-7015	U.02		41.78
4	2024-12-31	Acc. Amort. - Mach. & Equipment	1-1-7000-7016	U.02	14,228.25	
4	2024-12-31	Acc. Amort. - Mach. & Equipment	1-1-7000-7016	U.02		30.79
4	2024-12-31	Acct. Amort-Computer Hardware	1-1-7000-7017	U.02		7,147.10
4	2024-12-31	Amort. Exp - Roads	1-4-1100-7002	U.02	466.18	
4	2024-12-31	Amort. Exp - Road Vehicles	1-4-1100-7005	U.02	41.78	
4	2024-12-31	Amort Expense -Equipment	1-4-1700-7000	U.02	30.79	
To adjust amortization to hit the proper accounts./						
5	2024-12-31	Cap Outlay to be Recovered-Oth	1-1-9000-8140	HH-5.02	25,132.74	

Prepared by	Detail Rev	Gen Rev
SG 2025-04-04		

The Corporation of the Township of Chisholm

Year End: December 31, 2024

Journal Entries

Date: 2024-01-01 To 2024-12-31

Number	Date	Name	Account No	Reference	Debit	Credit
5	2024-12-31	Surplus / Deficit	1-2-7000-8111	HH-5.02		25,132.74
5	2024-12-31	Landfill Closure Cost Liablity	1-2-9000-8350	HH-5.02		25,132.74
5	2024-12-31	Landfill Closure Costs	1-4-1300-4675	HH-5.02	25,132.74	
		To adjust landfill liability for current./				
6	2024-12-31	Surplus / Deficit	1-2-7000-8111		85,009.00	
6	2024-12-31	Roads Revenue	1-3-6400-7740			85,009.00
		To adjust opening accumulated surplus to equal prior year closing				
8	2024-12-31	Cassellholme Redevelopment to be Recovered	1-1-9000-8400	NN.08	60,135.71	
8	2024-12-31	Surplus / Deficit	1-2-7000-8111	NN.08		60,135.71
8	2024-12-31	Cassellholme Redevelopment Liability	1-2-9000-8400	NN.08		60,135.71
8	2024-12-31	Cassellholme Capital Costs Expense	1-4-1600-8400	NN.08	60,135.71	
		To recognize the present value of cash outflows related to Cassellholme construction				
9	2024-12-31	HST Rebate - Blended	1-1-3000-3600	U.03	1,334.09	
9	2024-12-31	HST Rebate - Blended	1-1-3000-3600	U.03	743.34	
9	2024-12-31	Asset Account - Roads	1-1-7000-7002	U.03		743.34
9	2024-12-31	Asset Account -Vehicles	1-1-7000-7005	U.03	12,078.91	
9	2024-12-31	Asset Acct-Mach. & Equipment	1-1-7000-7006	U.03		13,413.00
9	2024-12-31	Asset Acct-Mach. & Equipment	1-1-7000-7006	U.03	4,069.38	
9	2024-12-31	Fire Dept Equipment Capital	2-4-0500-2255	U.03		4,069.38
		To adjust capital additions to the proper asset accounts and correct for HST non-refundable portion.				
					911,409.22	911,409.22
Net Income (Loss)			(6,758.17)			

Prepared by	Detail Rev	Gen Rev
SG 2025-04-04		



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

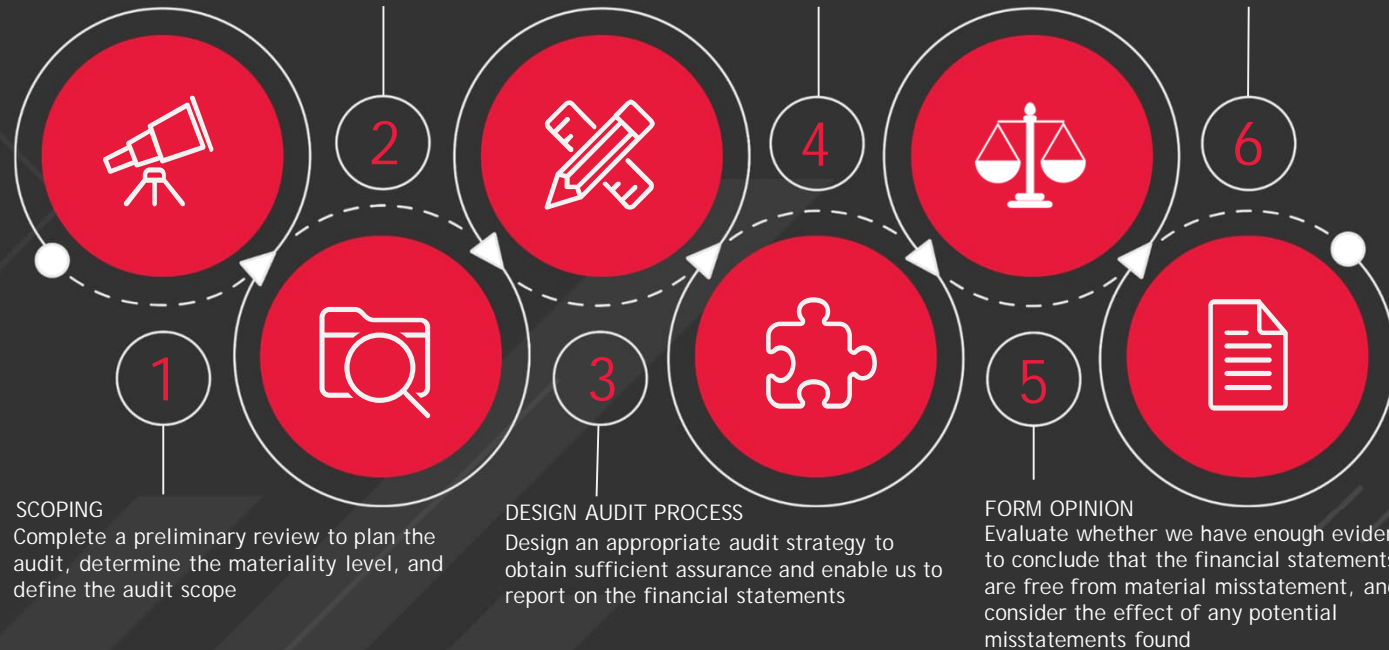
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate





How the firm's system of quality management (SoQM) supports the consistent performance of quality audit engagements

The firm is committed to maintaining high standards of audit quality that meet stakeholders' expectations and serve the public interest. We foster a culture where audit quality is at the center of our strategy and priorities. All partners and staff are accountable for performing quality engagements and upholding professional ethics, values, and attitudes.

The firm invested significant time and resources to establish and operate a SoQM that complies with the requirements set out in Canadian Standard on Quality Management 1 – Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB). The SoQM ensures the firm and its personnel meet professional standards, legal and regulatory requirements, and conduct engagements accordingly, with reports issued appropriately for the circumstances.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:



Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Establishing and improving the firm's SoQM

In establishing and continuously improving our firm's SoQM, we carried out the following for each of the SoQM components:

OBJECTIVES

We established the quality objectives required by CSQM1 in the core components of our SoQM and any additional quality objectives as appropriate.

QUALITY RISKS

We identified the quality risks that may adversely affect achieving these objectives. These consider the nature and circumstances of the firm and the engagements it performs and the conditions, events or circumstances that may impact its SoQM.

RESPONSES

We designed and implemented appropriate responses (policies, procedures and controls) to mitigate the assessed quality risks to an acceptable level.

MONITORING

We monitor the design, implementation and operating effectiveness of the firm's SoQM to identify areas for improvement. Root cause analysis is performed on deficiencies identified and remedial actions are implemented on a timely basis. This robust monitoring and remediation process is important for continuous improvement in quality processes.

On at least an annual basis the firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the SoQM.

We identify emerging developments and changes in the circumstances of the firm or its engagements and adapt the SoQM to respond to such changes.

Evaluating SoQM:

Our annual SoQM evaluation involves reviewing information about the system's design, implementation, and operation through monitoring activities. It includes testing response effectiveness, reviewing findings from inspections, and other relevant SoQM information. Using professional judgment, we assess whether identified findings represent deficiencies in the SoQM, investigating their root causes and evaluating their severity and pervasiveness.



Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization.

Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



CONSISTENCY

Drives consistency and quality in audit execution throughout BDO, enabling us to be responsive to your size and location needs

A DIGITAL APPROACH

We promote a paperless audit where we perform and document our audit and exchange information with you and your team using technology

EXCEPTIONAL DELIVERY

Using our highly trained teams, underpinned by an exceptionally intuitive audit methodology, to enable timely and efficient delivery of your audit

Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)



BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.

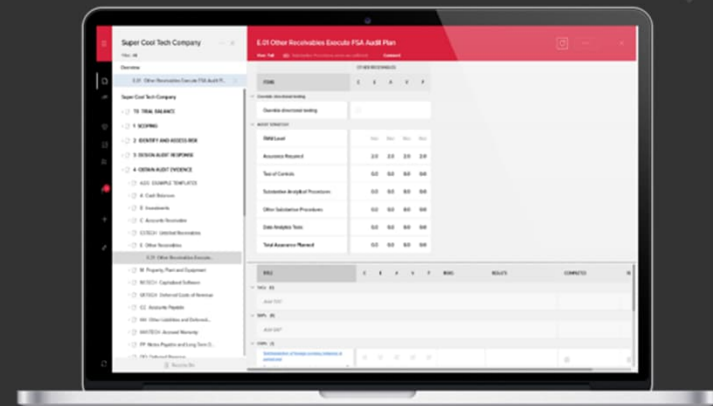
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

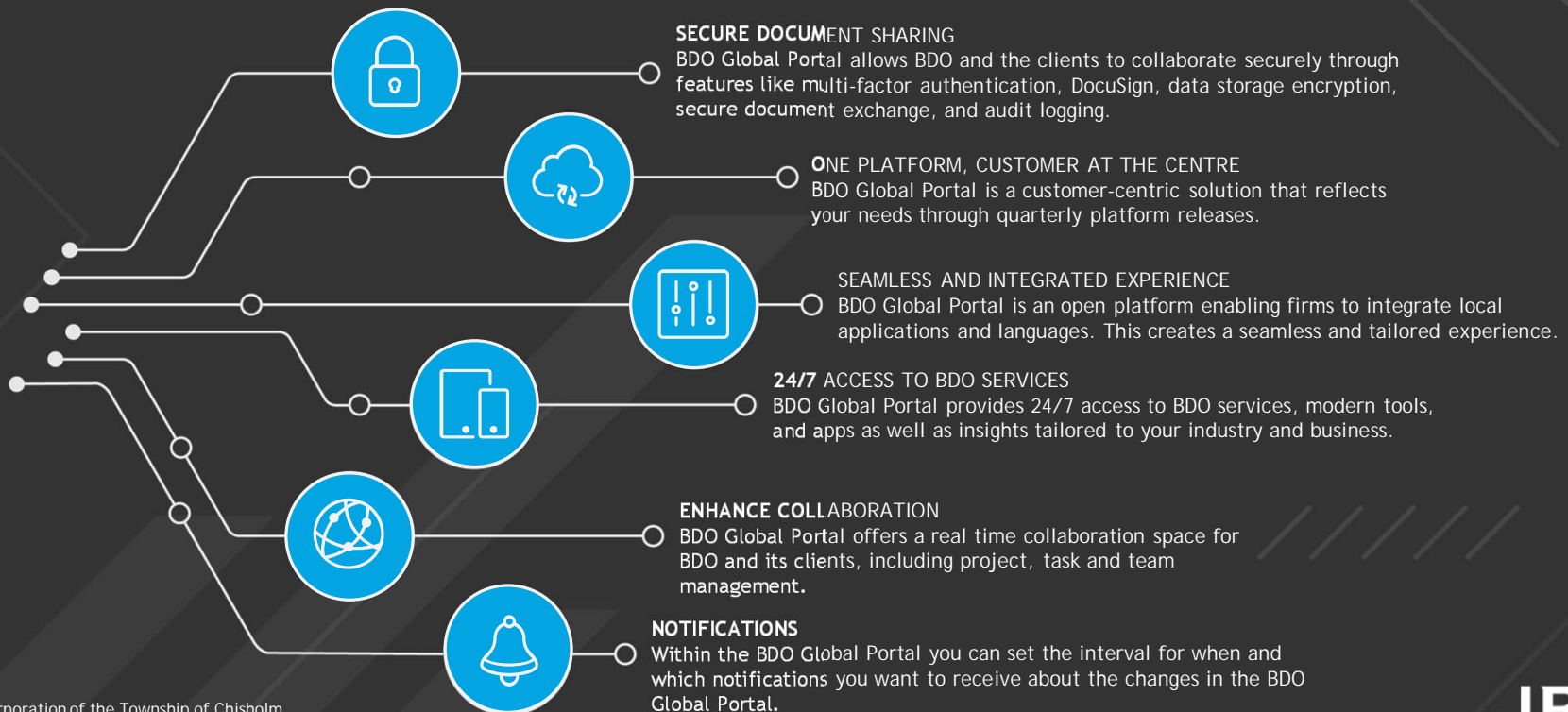
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.





Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

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Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

**ACCESS OUR
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For the year ended December 31, 2024

Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

ESG Insights



Sector insights at your convenience

[EXPLORE NOW](#)

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Spotlight on public sector

For the year ended December 31, 2024



Industry insights to shape your business

At BDO, we help governments create efficient ways of working to achieve better outcomes for their citizens and public servants. From technology-based solutions to program development, advisory and audit, our team can guide you through critical strategic decisions to ensure you deliver on your vision, goals, and accountability expectations.

Public sector Insights



Resources to support your business

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For the year ended December 31, 2024

Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter
- ▶ Appendix C: Independence letter

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For the year ended December 31, 2024

Appendix A: Independent auditor's report

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the
The Corporation of the Township of Chisholm

Qualified Opinion

We have audited the financial statements of The Corporation of the Township of Chisholm (the Township), which comprise the statement of financial position as at December 31, 2024, the statements of operations and accumulated surplus, change in net financial liabilities and cash flows 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 the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2024, and its results of operations, its change in net financial liabilities and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective January 1, 2023, the Township was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years.

As a result of PS 3280 not being adopted, the Township accounts for its landfill closure and post-closure liability in accordance with the withdrawn PS Section 3270, Solid Waste Landfill Closure and Post-Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, landfill closure and post-closure liability as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both the 2024 and 2023 years.

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 Township 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 qualified opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified with respect to this matter.

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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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.

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 8, 2025

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For the year ended December 31, 2024



Appendix B: Representation letter

The Corporation of the Township of Chisholm
2847 Chiswick Line RR4
Powassan, ON
POH 1Z0

April 8, 2025

BDO Canada LLP
Chartered Professional Accountants
1164 Devonshire Avenue, Unit 300A
North Bay Ontario
P1B 6X7

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the Township of Chisholm for the year ended December 31, 2024, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 6, 2024, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. No material unadjusted misstatements were identified.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

Signature

Position

Signature

Position

The Corporation of the Township of Chisholm
Summary of Unadjusted Misstatements
December 31, 2024

				Proposed Adjustments			
Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	-	-	-

Details of why no adjustment has been made to the financial statements for the above items:

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For the year ended December 31, 2024

Appendix C: Independence letter



Tel: (705) 495-2000
Fax: (705) 495-2001
Toll-free: 1-888-461-6324
www.bdo.ca

BDO Canada LLP
1164 Devonshire Avenue, Unit 300A
North Bay, Ontario
P1B 6X7

April 8, 2025

Members of Council and Mayor
The Corporation of the Township of Chisholm

Dear Mayor and Council Members:

We have been engaged to audit the financial statements of The Corporation of the Township of Chisholm (the "Township") for the year ended December 31, 2024.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Township and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since April 23, 2024, the date of our last letter.

We are aware of the following relationships between the Township and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from April 23, 2024 to April 8, 2025.

- We have provided assistance in the preparation of the financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management provided us with a trial balance prior to completion of our audit.
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
 - Management reviewed advice and comments provided and undertook their own analysis considering the Township's circumstances and generally accepted accounting principles.
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Someone other than the preparer reviewed the proposed journal entries and financial statements.

The total fees charged to the Township for assurance and non-assurance services were \$16,050



and \$1,605 respectively.

This letter is intended solely for the use of the Council and Mayor, management and those charged with governance of the Township and should not be used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants