Financial Statements of

BLIND RIVER DEVELOPMENT CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2020

KPMG

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Blind River Development Corporation

Opinion

We have audited the financial statements of the Blind River Development Corporation (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Blind River Development Corporation as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 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.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 represents 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
June 21, 2021

BLIND RIVER DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Current assets:				
Cash	$	69,651	$	41,402
Accounts receivable		7,713		-
		77,364		41,402
Capital assets (note 2)		1,035,664		1,069,090
	$	1,113,028	$	1,110,492
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	6,889	$	6,016
Deferred revenue		1,000		1,000
Advances from the Corporation of the Town of Blind River (note 3)		14,040		22,637
		21,929		29,653
Net assets:				
Unrestricted		55,435		11,749
Investment in tangible capital assets		1,035,664		1,069,090
		1,091,099		1,080,839
	$	1,113,028	$	1,110,492

See accompanying notes to financial statements.

On behalf of the Board:

Jen Pastoraro Director

Paula Sun Director

BLIND RIVER DEVELOPMENT CORPORATION

Statement of Operations

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

		2020		2019
Revenue:				
Rental	$	81,910	$	81,910
Other Income		-		13
		81,910		81,923
Expenses:				
Amortization of tangible capital assets		33,426		33,426
Property taxes		24,313		20,190
Utilities		9,887		9,889
Telephone		1,205		1,920
Professional services		1,056		45
Advertising and promotion		956		1,875
Dues, memberships and education		832		1,185
Office supplies		798		3,733
Salaries and benefits		-		26,519
Insurance		-		783
Professional fees (recovery)		(823)		8,520
		71,650		108,085
Excess (deficiency) of revenue over expenses	$	10,260	$	(26,162)

See accompanying notes to financial statements.

BLIND RIVER DEVELOPMENT CORPORATION

Statement of Changes in Net Assets

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

	Invested in tangible capital assets	Unrestricted	2020	2019
Net assets, beginning of year	$ 1,069,090	$ 11,749	$ 1,080,839	$ 1,107,001
Excess (deficiency) of revenue over expenses	(33,426)	43,686	10,260	(26,162)
Net assets, end of year	$ 1,035,664	$ 55,435	$ 1,091,099	$ 1,080,839

See accompanying notes to financial statements.

BLIND RIVER DEVELOPMENT CORPORATION

Statement of Cash Flows

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

		2020		2019
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of revenue over expenses	$	10,260	$	(26,162)
Item not involving cash:				
Amortization of tangible capital assets		33,426		33,426
		43,686		7,264
Change in non-cash working accounts:				
Accounts receivable		(7,713)		241
Accounts payable and accrued liabilities		873		(130)
		36,846		7,375
Financing activities:				
Advances from (repayments to) the Corporation of the Town of Blind River		(8,597)		8,669
Increase in cash		28,249		16,044
Cash, beginning of year		41,402		25,358
Cash, end of year	$	69,651	$	41,402

See accompanying notes to financial statements.

Blind River Development Corporation (the "Corporation") is a non-profit organization incorporated without share capital under the Ontario Corporations Act and is exempt from corporate tax under section 149 (I) (1) of the Income Tax Act.

The Corporation's mandate is to undertake economic development processes and projects to enhance the development of the economy of the area of Blind River. This mandate includes: to undertake community-based projects in support of community economic development objectives, and, to undertake strategic business investment and financing activities including equity investments, joint venturing, loans and direct operating activities in all sectors.

In the event of wind-up or dissolution, all remaining assets, after payment of liabilities shall be distributed to The Corporation of the Town of Blind River.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

a) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Capital assets are amortized on the straight-line basis over their estimated useful lives as follows:

Building	40 years
Equipment	15 years

Additions are amortized at one half of the annual rate in the year of acquisition.

b) Revenue recognition:

Operating grants are recorded as revenue in the period to which they relate. Grant amounts relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Grants approved but not received are accrued. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

The Corporation recognizes rental revenue in the period in which rental services are provided when collection of the relevant receivable is probably, persuasive evidence of an arrangement exists and the amount is fixed or determinable.

1. Significant accounting policies (continued):

c) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As of the year end date there are no amounts which would be required to be included within the statement of remeasurement gains. As a result, such a schedule is not included within these financial statements.

Transaction costs incurred on the acquisition of financial instruments measured subsequently.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

d) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. The accounts specifically affected by estimates in these financial statements are the estimated useful lives of tangible capital assets.

2. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Building	$ 1,248,936	$ 233,775	$ 1,015,161	$ 1,046,385
Equipment	33,046	12,543	20,503	22,705
	$ 1,281,982	$ 246,318	$ 1,035,664	$ 1,069,090

3. Related party transactions:

The Corporation treats The Corporation of the Town of Blind River (the "Town") as a related party. The Town is the ultimate benefactor of the Corporation upon wind-up or dissolution. The Town has appointed council to act as the Board of Directors for the Development Corporation. The Town is also the primary contributor to the Corporation.

The premises occupied by the Corporation are rented on an annual basis from the Town for no consideration established and agreed to be the managements of the related parties.

As at the year-end, the balance due to the Town of Blind River is as follows:

	2020	2019
Advances from the Town of Blind River	$ 14,040	$ 22,637

The advances from the Town are unsecured, non-interest bearing with no specified terms of repayment.

4. Financial instruments:

Transactions in financial instruments may result in an entity assuming or transferring, to another party, financial risks. The Corporation is exposed to the following risks associated with financial instruments and transactions it is a party to:

a) Credit risk:

Credit risk is the risk that one party to a financial transaction will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Corporation is exposed to this risk relating to its cash and accounts receivable.

The Corporation holds its cash accounts with a large reputable financial institution with a high credit rating from which management believes the risk of loss due to credit risk to be remote.

The Corporation reduces credit risk associated with accounts receivable by regularly assessing the accounts and monitoring any overdue balances.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

4. Financial instruments (continued):

b) Concentration risk:

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentration of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances.

c) Liquidity risk:

Liquidity risk is the risk that the Corporation cannot repay its obligations when they become due to its creditors. The Corporation is exposed to this risk relating to its accounts payable and accrued liabilities and advances from the Town of Blind River.

The Corporation reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through budgeting and maintaining enough cash to repay trade creditors as payables become due.

There have been no significant changes from the previous year in the exposure to liquidity risk or policies, procedures and methods used to measure the risk.

d) Other risks:

The Corporation's main sources of revenue are government operating grants, taxation revenue and user charges. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Corporation is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.