

Resort Village of Candle Lake
Consolidated Statement of Financial Position
As at December 31, 2018

	2018	2017
ASSETS		
FINANCIAL ASSETS		
Cash (Note 2)	5,068,929	4,604,116
Taxes Receivable - Municipal (Note 3)	196,430	384,274
Other Accounts Receivable (Note 4)	73,251	29,290
Land for Resale (Note 5)	160,995	160,995
Total Financial Assets	5,499,605	5,178,675
LIABILITIES		
Accounts Payable and accrued liabilities	251,449	143,036
Accrued Landfill liability (Note 7)	40,000	-
Deposits	7,105	5,305
Deferred Revenue (Note 6)	70,757	224,522
Long-Term Debt (Note 8)	1,319,161	1,512,325
Total Liabilities	1,688,472	1,885,188
NET FINANCIAL ASSETS	3,811,133	3,293,487
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6)	7,522,060	7,304,209
Prepayments and Deposits	8,138	11,373
Inventory (Note 10)	54,680	78,847
Total Non-Financial Assets	7,584,878	7,394,429
Accumulated Surplus & Reserves (Schedule 8)	11,396,011	10,687,916

Commitments (Note 9)

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Mayor and Council

 Mayor

 Councillor

Management's Responsibility

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.


In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

Deloitte, LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.

June 14, 2019


Mayor


Administrator

Resort Village of Candle Lake

June 14, 2019

Deloitte LLP
767, 801 15th Street East
Prince Albert, SK S6V 0C7

Dear Madam:

Subject: Consolidated financial statements of Resort Village of Candle Lake for the year ended December 31, 2018

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of Resort Village of Candle Lake (the "Village" or "we" or "us") for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization in accordance with Public Sector Accounting Standards ("PSAS").

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

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Organization and Deloitte dated March 22, 2019 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Village as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Village has appropriately disclosed in the Financial

Statements the nature of measurement uncertainties that are material, 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.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. The Village has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

There are no uncorrected financial statement misstatements, except as noted on Appendix A.

As a result of our evaluation process, we identified certain disclosures that, although required by PSAS, have been omitted from our Financial Statements. Those omitted disclosures that are more than inconsequential are attached as Appendix B. We believe the effects of the omitted disclosures are quantitatively

and qualitatively immaterial, both individually and in the aggregate, to the Financial Statements as a whole.

7. The Village has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Internal Controls

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
9. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

10. We have provided you with:
 - a. 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.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and,
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
11. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
12. 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.
13. 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:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
14. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Village.
15. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws

and regulations whose effects should be considered when preparing the Financial Statements.

16. 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, including guarantees, non-monetary transactions and transactions for no consideration.
17. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
18. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

19. Prior to the Village having any substantive employment conversations with a former or current Deloitte engagement team member, the Village has held discussions with Deloitte and obtained approval from the Finance and Administration Committee.

Other matters

20. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
21. We have disclosed to you, and the Organization has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. The Village is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowance is adequate to absorb currently estimated bad debts in the account balance.
23. Provision has been made to reduce inventories to estimate net realizable value when that amount is lower than cost. All reversals of write-down of inventories, arising from an increase in net realizable value, have been recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurred. All inventories are the property of the Village and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.

24. We have considered the effect of environmental matters on the Village and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.
25. Employee future benefit costs, assets, and obligations have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, liabilities and costs for financial accounting purposes are appropriate in the circumstances.
26. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multiemployer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
27. As certain pension benefits are provided to the Village's employees through a multi-employer plan, the amount that an individual entity, including the Village, is obligated under the plan may not be quantified. Since the Village is unable to identify its share of the underlying assets and liabilities of the Plan, and has not been called upon to fund its proportionate share of any unfunded liabilities in the Plan, the Village appropriately accounts for the plan following the standards applicable for defined contribution plans in accordance with CPA Canada Handbook, PSAS 3250.
28. We have reviewed and approved the year-end adjusting entries as noted in Appendix B, including all related supporting schedules, and the financial statements and acknowledge our responsibility for their accuracy.
29. Tangible capital assets have been recorded properly and consistently according to the standards in Section PS 3150, Tangible Capital Assets.
30. Contributed capital assets have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed capital assets have been appropriately disclosed.
31. Any capital assets purchased substantially below fair value has been recorded at fair value, with the difference between the amount purchased and the fair value being recorded as a contribution.


32. Capital assets which we have developed or constructed, and includes contributed materials or labour, has been recognized at fair value at the date of contribution.
33. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets to have a long term service potential to the Village and therefore do not require a write down.
34. We have evaluated all of our tangible capital assets that we have direct responsibility for or accept responsibility for, and have not identified any sites in which contamination exceeds an environmental standard.
35. We estimate that the liability for closure and post-closure costs of the current landfill will be insignificant and therefore have not been accrued.

Yours truly,

RESORT VILLAGE OF CANDLE LAKE



Borden Wasyluk
Mayor



Heather Scott
Administrator

Appendix A

Resort Village of Candle Lake

Summary of uncorrected financial statement misstatements

Year ended December 31, 2018

Description of Misstatement	Nature and Cause of Misstatement	TM or WP Reference	Assets Dr (Cr)	Liabilities Dr (Cr)	Retained Earnings Beg of Year Dr (Cr)	Other Equity A/Cs Dr (Cr)	Income Statement Dr (Cr)
Likely (Current Year)							
Landfill Liability	The RV has accrued \$40,000 for landfill liability. The estimate by Associated Engineers puts the cost at \$120,000. The difference is a judgemental error.	29650		(80,000)			80,000
AFDA assessment	The RV has not accrued an AFDA on tax arrears. Based on tax sales in 2018 on the worst of the arrears, there was a write off of 39%. Deloitte has assessed a judgemental error on the arrears of 39% x 50%.	23210	(16,000)				16,000
Template Row							
Total Uncorrected - Likely Misstatements (CY - pre-tax)			(16,000)	(80,000)		0	96,000
Total Uncorrected Misstatements (CY - pre-tax)			(16,000)	(80,000)		0	96,000
CARRYOVER EFFECT OF PRIOR YEAR MISSTATEMENTS [See "PRIOR YEAR" tab]					127,854		(127,854)
Total Uncorrected Misstatements including carryover effect (CY - pre-tax)			(16,000)	(80,000)	127,854	0	(31,854)

Appendix B

Resort Village of Candle Lake

Journal Entries

Year ended December 31, 2018

#	Name	Debit	Credit
1 AJE To correct interest accrual reversal - 23110 (Posted)			
110-110-131	Cash- Investors Savings Account		106.47
470-100-100	Interest Revenue	106.47	
		<u>106.47</u>	<u>106.47</u>
Small adjustment for opening difference.			
2 AJE To correct Long Term Debt - (Posted)			
620-500-100	CF - Debentures & Loans	193,164.03	
595-100-101	Long Term Debt Repaid-Comm #1-Princ		136,083.36
510-710-110	GG - Long Term Debt Interest		57,080.67
		<u>193,164.03</u>	<u>193,164.03</u>
To correct debt and interest at yearend			
3 AJE To correct Tax Receivable balances - 23210 (Posted)			
110-200-100	Municipal - Tax Receivable - Current	129,560.88	
110-200-110	Municipal - Tax Receivable - Arrears		126,111.58
110-200-300	Municipal Receivable-WCB Cert		3,449.30
		<u>129,560.88</u>	<u>129,560.88</u>
To correct Municipal tax receivable catagories.			
4 AJE To record amortization - 23610-3 (Posted)			
510-600-200	GG - amortization	2,656.47	
525-600-200	PS - amortization	17,235.70	
530-600-200	TS - amortization	42,045.83	
550-600-200	EPH - amortization	85,207.79	
560-600-200	PD - amortization	183,128.65	
570-600-200	PR - amortization	8,037.88	
170-100-210	Buildings - Accum Amortization		24,168.21
170-100-290	Engineered Structures - Accum Amort		47,445.88
170-100-360	Operating Equipment - Accum Amort		76,349.19
170-100-410	Transportation Vehicles - Accum Amort		10,373.15
170-100-570	Office Furniture & Equip. - Accum Amort		47,586.89
170-100-610	Infrastructure - Rd/St Const -Accm Amort		132,389.00
		<u>338,312.32</u>	<u>338,312.32</u>

To record amortization calculated at WP
23610-3

**5 AJE To record Capital Asset
additions - (Posted)**

170-100-200	Buildings - Cost	504,935.09	
530-600-120	TS - Purchase of Cap Assets - Build		504,935.09
170-100-350	Operating Equipment - Cost	17,455.27	
530-600-140	TS - Purchase of Cap Assets - Equipment		4,133.99
530-600-140	TS - Purchase of Cap Assets - Equipment		13,321.28
170-100-400	Transportation Vehicles - Cost	10,000.00	
525-600-140	PS - Fire - Pur of Cap Assets - Equip		10,000.00
510-280-102	GG - Cont - Office Furniture/Equipment		23,774.49
170-100-560	Office Furniture & Equip - Cost	23,774.49	
		<u>556,164.85</u>	<u>556,164.85</u>

To record buildings and equipment
additions

**6 AJE To reclass salaries payable -
(Posted)**

110-110-120	General Bank Acct.	15,016.00	
210-200-500	Accrued Salaries Payable		15,016.00
		<u>15,016.00</u>	<u>15,016.00</u>

Salaries Payable were originally recorded
as an outstanding cheque item on the
bank reconciliation, and this AJE
reclassifies them appropriately as Payroll
A/P.

**7 AJE To record Committee Amounts
- (Posted)**

110-110-160	Cash - Parks & Rec Operating Acct	4,654.35	
110-110-162	Parks & Rec Bingo Account	1,270.98	
110-110-164	Health Committee-Gen.Account		1,817.96
110-110-165	Health Committee-Building Fund	87.51	
110-110-168	Parks & Rec-Playground Acct		1,353.10
490-900-920	Health Committee Revenues		2,841.78
		<u>6,012.84</u>	<u>6,012.84</u>

To adjust committee accounts to actual

**8 AJE To correct opening balances -
(Posted)**

390-900-900	Operating Fund - Surplus	243.95	
510-410-160	Misc Admin Expense		243.95
		<u>243.95</u>	<u>243.95</u>

To correct opening balance

**9 AJE Adjust inventory to the
inventory count - Per client (Posted)**

120-200-110	Inventory - Gravel Pit #1		18,870.00
120-200-300	Inventory - Culverts	1,955.00	
120-200-600	Inventory - Dustproofing Material		8,338.00
120-200-100	Inventory - General	1,086.00	
530-440-100	TS - Maint. - Gravel/Sand	15,000.00	
530-460-110	TS - Maint - dust control	8,000.00	
530-400-110	TS - Maint. - Materials & Supplies	1,167.00	
		<u>27,208.00</u>	<u>27,208.00</u>

To adjust for inventory at year end per
client summary.

**10 AJE To post accruals at year end
in AP - 24110 (Posted)**

210-200-300	General Accounts Payable		112,595.86
530-425-110	TS - Maint. - Oil & Gas	412.39	
530-400-110	TS - Maint. - Materials & Supplies	11.13	
110-340-110	GST Receivable - 100% Rebate	21.15	
570-900-900	Parks & Rec Committee Expenditure	144.67	
530-425-110	TS - Maint. - Oil & Gas	456.37	
530-420-100	TS - Vehicle- Repair/Parts/Tools	75.08	
510-300-130	GG - Utility - Water	35.00	
510-280-170	GG - Cont. - Promos/Vol Appn/Public Rel	62.29	
525-430-100	PS - Vehicle/Equip. Repair/Parts/Tools	500.47	
110-340-110	GST Receivable - 100% Rebate	49.01	
210-200-145	CUPE Dues Payable	457.20	
210-210-190	Minister of Finance - EPT Remittance	69,327.13	
210-200-140	Superannuation Payable	13,682.79	
560-110-120	P&D - Contracted Bldg. Inspections	2,000.00	
110-340-110	GST Receivable - 100% Rebate	100.00	
210-200-100	SUMA Benefit & GST (Less STD & LTD)	4,331.54	
110-340-110	GST Receivable - 100% Rebate	1.50	
510-210-150	GG - Convention/Travel/Meal/Lodging	324.66	
530-250-101	TS-Maint-Prof Dev/Workshop	302.71	
110-340-110	GST Receivable - 100% Rebate	30.45	
210-200-130	Income Tax Payable	14,954.10	
210-200-110	C.P.P. Payable	3,437.32	
210-200-120	E.I. Payable	1,878.90	
		<u>112,595.86</u>	<u>112,595.86</u>

To account for accruals at year end.

11 AJE To remove old AP accounts - 24110 (Posted)

210-250-100	Sask.Rivers Due to School - Uncollected		890.83
210-200-145	CUPE Dues Payable		2,599.46
210-200-180	Union Payable	100.79	
210-200-200	Due to Federal Governmen/ Agency		6,748.25
210-200-210	Due To Provincial Government/Agency	5,436.88	
210-200-410	Other Accounts Payable - Master Card		499.46
210-200-120	E.I. Payable	2,251.98	
210-200-130	Income Tax Payable		549.52
210-200-400	Accrued Interest Payable	4,278.63	
210-210-120	Do not use	63.66	
210-210-100	Do not use		934.86
530-250-101	TS-Maint-Prof Dev/Workshop	71.81	
210-200-110	C.P.P. Payable	18.63	
		12,222.38	12,222.38

To remove old accounts that have the same balance as PY's

12 AJE To adjust vacation payable - 24110 (Posted)

210-200-150	Vacation Payable		5,799.32
530-110-150	TS - Maint. - Salaries - Seasonal	2,899.66	
510-110-330	GG - Salaries - Assistants	2,899.66	
		5,799.32	5,799.32

To adjust the vacation payable at year end.

13 AJE To zero out education tax accounts - 24110 (Posted)

110-210-101	Sk.Rivers Tax Rec.-Current		2,113.08
210-210-110	Sask. Rivers Taxes Collected	9,027,925.86	
210-210-140	School Grants-in-Lieu Collected	49,551.65	
210-210-160	School - Collected - Penalty	55,162.27	
210-210-170	School - Collected - Trailer License	141,066.61	
210-210-190	Minister of Finance - EPT Remittance		9,294,697.19
460-200-100	GG - Land Sales - Gain/Loss	23,103.88	
		9,296,810.27	9,296,810.27

To zero out education taxes for F2018 - final remittance of \$28,540.39, has been recorded in General AP.

14 AJE To recongize deferred revenue for gas tax - 24510 (Posted)

210-400-300	Deferred Gas Tax Revenue	159,938.90	
450-200-070	Conditional - Federal Gas Tax Grant		159,938.90
		159,938.90	159,938.90

To recognize deferred gas tax revenue.

15 AJE Client Entry to correct WCB - Per Client (Posted)

510-130-234	GG -Workers compensation	12,871.67	
210-225-100	Other - Uncollected WCB		12,871.67
510-130-234	GG -Workers compensation	7,854.45	
210-225-100	Other - Uncollected WCB		7,854.45
510-130-234	GG -Workers compensation	2,971.52	
210-225-100	Other - Uncollected WCB		2,971.52
210-220-110	Municipal Taxes - Collect.Liability	6,415.74	
510-130-234	GG -Workers compensation		6,415.74
		30,113.38	30,113.38

To correct posting - for 2017 and 2018 WCB expense, plus small remaining difference < CTT

16 AJE To accrue honorariums payable - (Posted)

210-200-410	Other Accounts Payable - Master Card		3,500.00
510-110-110	GG - Council - Indemnity-Meeting	3,500.00	
		3,500.00	3,500.00

To accrue honorariums owing for Council Cherkewich per court order

17 AJE To correct opening equity - 25110 (Posted)

350-900-200	Unfunded Operating Expenditures		22,958.00
570-220-100	P&R - Cont. - Travel, Meal & Subsistence	22,958.00	
		22,958.00	22,958.00

18 AJE To accrue landfill liability based on Management e - 29650 (Posted)

210-200-410	Other Accounts Payable - Master Card		40,000.00
550-300-150	H&W - Other - Health Centre	40,000.00	
		40,000.00	40,000.00

**19 AJE To post PY transfer to
reserve balances - 25110 (Posted)**

490-190-100	Trans.from Equipment Reserve	280,000.00	
310-100-200	Cap.Equipment Reserve Fund		280,000.00
490-190-110	Trans.fromRoads/Streets Reserve	1,140,000.00	
310-100-700	Reserve - Roads/Streets		1,140,000.00
490-190-150	Trans.From Rec.Hall Main/Building Reserv	706,500.00	
310-100-803	Reserve-Hall Maint. Reserve Fund		706,500.00
490-190-160	Trans.from Trails Reserve	15,000.00	
390-900-902	P&R Trails Reserve Fund		15,000.00
490-190-161	Transfer from Beautification Reserve	5,000.00	
310-100-807	Reserve - Beautification		5,000.00
490-190-170	Trans. from Gravel Reserve Fund	69,000.00	
310-100-806	Gravel Reserve Fund		69,000.00
490-190-180	Trf. from CiB Environ. Reserve		874.13
310-100-804	CiB Project Reserve Fund	874.13	
490-190-400	Transfer from Lagoon sustainability fund	223,964.55	
310-100-400	Reserve - Lagoon Sustainability Fund		223,964.55
490-190-800	Trans from Fire Equip reserve	21,600.00	
310-100-801	Reserve-Fire Equipment		21,600.00
590-101-102	Trans. to Cap Res. Bldg/Rds		200,000.00
310-100-100	Capital Reserve-Bldgs	200,000.00	
590-101-103	Trans.to Fire Equip. Reserve		20,000.00
310-100-801	Reserve-Fire Equipment	20,000.00	
590-101-104	Trans. to Equipment Reserve		88,500.00
310-100-200	Cap.Equipment Reserve Fund	88,500.00	
590-101-105	Trans.to Roads/Streets Reserve		1,580,000.00
310-100-700	Reserve - Roads/Streets	1,580,000.00	
590-110-101	Lagoon Sustainability Reserve		378,000.00
310-100-400	Reserve - Lagoon Sustainability Fund	378,000.00	
590-110-107	Transfer to Hall Maint Reserve Fund		180,000.00
310-100-803	Reserve-Hall Maint. Reserve Fund	180,000.00	
590-110-110	Transfer to Gravel Reserve Fund		90,000.00
310-100-806	Gravel Reserve Fund	90,000.00	
590-110-112	Transfer to Municipal Reserve		70,000.00
310-100-500	Reserve - Municipal Reserve Land	70,000.00	
590-110-111	Transfer to CiB Environmental Reserve		30,000.00
310-100-804	CiB Project Reserve Fund	30,000.00	
		<u>5,098,438.68</u>	<u>5,098,438.68</u>

To clear out prior year transfers

20 AJE To post current year reserve adjustments - 25110-3 (Posted)

310-100-100	Capital Reserve-Bldgs		80,000.00
310-100-200	Cap.Equipment Reserve Fund	141,500.00	
310-100-400	Reserve - Lagoon Sustainability Fund		152,685.00
310-100-500	Reserve - Municipal Reserve Land		70,000.39
310-100-700	Reserve - Roads/Streets		149,630.00
310-100-801	Reserve-Fire Equipment		17,895.00
310-100-803	Reserve-Hall Maint. Reserve Fund	55,501.04	
310-100-804	CIB Project Reserve Fund		32,163.07
310-100-806	Gravel Reserve Fund		41,000.00
310-100-807	Reserve - Beautification	19,999.52	
310-100-809	Reserve - Trails Paving	63,460.79	
390-900-901	Parks & Rec. Project Reserve	934.40	
390-900-902	P&R Trails Reserve Fund		45,186.56
390-900-930	First Responders Project Reserve		1,504.87
390-900-940	Fire Project Reserve		1,226.40
390-900-950	Community Garden	1,409.11	
350-900-200	Unfunded Operating Expenditures	308,486.43	
		<u>591,291.29</u>	<u>591,291.29</u>

To record transfers in and out for 2018.

21 AJE To balance TCA and Surplus - 25110 (Posted)

390-900-999	Prior Period Adjustment	912,631.55	
490-120-100	Transfer from Surplus		879,000.00
350-900-200	Unfunded Operating Expenditures		2,833,241.27
390-900-900	Operating Fund - Surplus	2,799,609.72	
		<u>3,712,241.27</u>	<u>3,712,241.27</u>

March 22, 2019

Private and confidential

Resort Village of Candle Lake
#20 Hwy 265
Box 114
Candle Lake SK S0J 3E0

Re: Master Services Agreement for Professional Services

Dear Ms. Scott:

Deloitte LLP ("Deloitte") is privileged to be your professional services provider. The purpose of this letter is to serve as a master services agreement or MSA to describe (a) the services that we will provide to you from time to time, including a description of the scope of our services, and (b) the general business terms related to such services.

Services and fees

Appendices A to B to this MSA contain a description of the following services:

- Appendix A – Financial statement audit ("Audit")
- Appendix B – Tax compliance services ("Tax")

Should we during the term of this MSA, provide any of the services referenced in Appendices A to B, the scope, including assumptions, qualifications and limitations, as set out in Appendices A to B will apply.

As of the date of this MSA, the chart below sets out the entities and the services we will provide to them in respect of their year ends. The fees for these services will be based on our standard hourly rates, which may change from time to time. In addition to the professional fees, you will reimburse us for reasonable expenses and pay an administrative charge of 7% of professional fees, and applicable taxes.

Scope of services chart

Entity name	Year end	Audit	Tax
Resort Village of Candle Lake	December 31	X	X

Our fee estimate includes limited research with respect to proper tax return preparation but does not include significant tax research or consultation with respect to nonrecurring items that may arise. Should items of this nature arise, we will advise you and will arrange for appropriate fees before we invest significant professional time.

For purposes of this MSA and the appendices, "Financial Statements" shall refer to the statements issued by each entity in the context of the services outlined above. Unless otherwise noted in the appendices, "Company" shall refer to the entities to which that service is being provided, as outlined above.

Ms. Valerie Watson will be responsible for the services that we perform.

Should the nature of our services change in the future from what is set out in the chart above or if there are changes to the entities we serve, we will provide you with a letter confirming the changes. The description of our services as set out in Appendices A to B in this MSA will continue to apply to any changes set out in a confirmation letter. Also, we may from time to time provide you with updates (including by way of a letter delivered to you in hard copy or electronically via e-mail, by way of a link to our website or otherwise) to the description of the services set out in Appendices A to B based on changes in applicable professional standards and changes in our practices. Any updates to Appendices A to B in this MSA provided to you shall form part of this MSA and shall be binding on you.

Also, we would be pleased to provide you with other services, such as consulting and financial advisory services, subject to our professional rules. The scope and fees for such services would be contained in a separate letter and, unless otherwise agreed, the general business terms that are contained in this MSA will apply.

Term

Our mutual intention is that this MSA applies to all services Deloitte provides to you over time, including for the year ends referred to above and all other work in the future. In accordance with section 2 of the general business terms, this MSA can be terminated on 30 days' written notice.

Our responsibilities

Our responsibilities will depend on the services we provide. Specific conditions may apply and if this is the case, we will bring them to your attention in the attached appendices. We are committed to client service. Here are our client service standards:

- Making and meeting our commitments to you;
- Working with you to understand your business and what is important to you;
- Providing value and building trust through technical competence and consistent results;
- Demonstrating professionalism through effective interaction and communication; and
- Providing a no surprises experience.

Your responsibilities

Our expectations of you can simply be summarized as follows:

- Cooperation and honesty from you and those who work for you;
- Your clear articulation of your expectations of us and your clarification when needed, so we can be sure that you receive the professional services you need;
- If we are providing audit, review or notice to reader services, we want you to know that these are not forensic audits or special services that would more likely identify a fraud or wrongdoing. We are relying on your controls, your honesty and good faith and that of management and the people who work for you;
- You will make all management decisions; and
- Prompt payment of our invoices.

Also, our work product is prepared for you. Our services will not be planned or conducted in contemplation of reliance by third parties. Our agreement is with you and no one else.

General business terms

The general business terms attached to this letter apply to the services we provide to you from time to time.

We know how busy you are and we promise to keep our correspondence to you as direct and simple as we can. But if at any time you have questions, please do not hesitate to ask.

If this MSA, including the appendices and the general business terms, are acceptable and the services described are in accordance with your understanding, please sign the copy of this MSA in the space provided below and return it to us to indicate your agreement.

Yours truly,

Chartered Professional Accountants

Enclosure

The services and terms set forth in and incorporated into this letter are acknowledged and approved by Mayor and Council of Resort Village of Candle Lake:

Signature

Title

Date

The services and terms set forth in and incorporated into this letter are acknowledged and approved by Resort Village of Candle Lake management:

Signature

Title

Date

General business terms

Resort Village of Candle Lake
March 22, 2019

The following general business terms (the "GBTs") apply to all services that are performed under this MSA and any separate confirmation letters (the "Confirmation Letters") that further amend or describe services issued under this MSA (the "Services") between Deloitte LLP, a limited liability partnership organized under the laws of Ontario ("Deloitte") and you, the company or other entity that is a party to this MSA (the "Client"). The GBTs, the MSA, (including the appendices to the MSA), as such MSA and appendices may be updated and amended from time to time, and the Confirmation Letters are together the "Agreement".

1. **Timely performance** – Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte's control, including the untimely performance by the Client of its obligations.
2. **Termination** – This Agreement and any Services may be terminated by either party at any time, with or without cause, by giving prior written notice to the other party 30 days before the effective date of termination, provided that in the event of a termination for cause, the breaching party shall have the right to cure the breach within such 30 day period. Deloitte may terminate this Agreement with immediate effect upon written notice to Client if Deloitte determines that its performance of any part of the Agreement would be illegal or in conflict with independence or professional rules. The Client will pay for time and expenses incurred by Deloitte up to the termination date together with reasonable time and expenses incurred to bring the Services to a close in a prompt and orderly manner.
3. **Fees** – In the event that Deloitte has provided any fee estimate, the estimate takes into account the agreed-upon level of preparation and assistance from the Client and Client personnel. Deloitte will advise the Client on a timely basis should this preparation and assistance not be provided or should any other circumstances arise which cause actual time to exceed that estimate.
4. **Billing** – All invoices shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice which remains unpaid from 30 days after the invoice date to the date on which the outstanding invoice is paid. To the extent that as part of the Services to be performed by Deloitte as described in the Agreement, Deloitte personnel are required to perform the Services in the United States of America ("U.S. Business"), the Client and Deloitte agree to assign performance of the U.S. Business to Deloitte Canada LLP, an affiliate of Deloitte. All Services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte which shall remain responsible to the Client for such Services. Deloitte Canada LLP shall invoice the Client with respect to the U.S. Business and Deloitte will invoice for Services performed in Canada ("Canadian Business"). Payment for U.S. Business and/or Canadian Business can be settled with one payment to Deloitte.
5. **Governing law** – The Agreement will be governed by the laws of the Province where Deloitte's principal office performing the Services is located and all disputes related to the Agreement and Services shall be subject to the exclusive jurisdiction of the courts of such Province.

6. **Working papers** – All working papers, files and other internal materials created or produced by Deloitte related to the Services are the property of Deloitte. In the event that Deloitte is requested by the Client or required by legal or regulatory process to produce its files related to the Services in proceedings to which Deloitte is not a party, the Client will reimburse Deloitte for its professional time and expenses, including legal fees, incurred in dealing with such matters.
7. **Third parties** – Deloitte's Services are not planned or conducted in contemplation of, or for the purpose of, reliance by any third party (other than the Client and any party to whom Deloitte's report is addressed) or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. The Client shall use the advice, opinions, reports or other work product of Deloitte solely for the purposes specified in this Agreement and, in particular, shall not, without the prior written consent of Deloitte, use any advice, opinion, report or other work product of Deloitte in connection with business decisions of any third party or for advertisement purposes. All Services are only intended for the benefit of the Client and any party to whom Deloitte's report is addressed. The mere receipt of any advice, opinions, reports or other work product by any other persons is not intended to create any duty of care, professional relationship or any present or future liability between those persons and Deloitte. As a consequence, if copies of any advice, opinions, reports or other work product (or any information derived therefrom) are provided to others under the above exclusions, it is on the basis that Deloitte owes no duty of care or liability to them, or any other persons who subsequently receive the same. Nothing in this section shall be construed as limiting or restricting disclosure of the tax treatment or tax structure of the transaction as described in Rule 3501(c)(i) of PCAOB Release 2005-014 or Internal Revenue Code sections 6011 and 6111 and related Internal Revenue Service guidance.
8. **Privacy** – Deloitte and the Client agree that, in connection with the engagement, Deloitte may collect, use, disclose and otherwise process personal information about identifiable individuals ("Personal Information"). Deloitte's Services are provided on the basis that the Client has obtained any required consents under applicable privacy legislation for collection, use, disclosure and processing to Deloitte of Personal Information.
9. **Confidentiality** – To the extent that Deloitte collects or is provided with Personal Information or any proprietary or confidential information of the Client (collectively, "Confidential Information"), Deloitte will not disclose such information to any third party without the Client's consent, except as may be required or permitted by law, regulation, legal authority or professional obligations, or as otherwise permitted by this Agreement. Confidential Information may be disclosed by Deloitte to its affiliates and to member firms of Deloitte Touche Tohmatsu Limited and their respective subsidiaries and affiliates ("Deloitte Entities"), component auditors and third parties that provide services to Deloitte. Confidential Information collected by or provided to Deloitte in connection with the Services may be used, processed, disclosed and stored outside Canada by Deloitte, Deloitte Entities, component auditors or third party service providers to Deloitte. Deloitte is responsible to the Client for causing any such Deloitte Entities, component auditors and third party service providers to comply with the obligations of confidentiality set out in this section of the Agreement. Confidential Information may be subject to disclosure in accordance with laws applicable in the jurisdiction in which the information is used, processed or stored. The Client also agrees that Deloitte and such third party service providers to Deloitte may aggregate Confidential Information and use and disclose that information as part of research and advice, including, benchmarking services, provided that all such information will be rendered anonymous and not subject to association with the Client.

Except as instructed otherwise in writing, each party consents to the transmission by fax, email and voicemail, both confidential and other types of documents, correspondence and any other information relating to the execution of this Agreement. It is recognized that the parties will use the internet and that the internet may be insecure. Each party will be responsible for protecting its own systems and interests and, to the fullest extent permitted by law, will not be responsible to the other on any basis (contract, tort or otherwise) for any loss, damage or omission in any way arising from the use of the internet by either party or its personnel, including any Deloitte Entity and subcontractor personnel, to access the networks, applications, electronic data or other systems of the other party.

10. Limitation on liability – The Client and Deloitte agree to the following with respect to Deloitte's liability to the Client:

- a. The Client agrees that Deloitte shall not be liable to the Client for any claims, liabilities, or expenses relating to this Agreement and any Services for an aggregate amount in excess of three times the fees paid by the Client to Deloitte in the twelve months preceding the incident giving rise to the claim.
- b. In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Agreement or any Services for any loss of revenue or profit, loss of opportunity, loss of data, or any other commercial or economic loss or failure to realize expected savings.
- c. In any action, claim, loss or damage arising out of this Agreement and any Services, the Client agrees that Deloitte's liability will be several and not joint and several and the Client may only claim payment from Deloitte of Deloitte's proportionate share of the total liability based on the degree of fault of Deloitte.

The provisions of this section shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This section shall survive termination or expiry of the Agreement. The provisions of this section and any other limitations of liability contained in this Agreement shall not apply to any liability which by the governing law of the Agreement is unlawful to limit or exclude. In furtherance of the foregoing, from time to time, Deloitte may have individual partners and employees performing the Services within the Province of Quebec who are members of the Ordre des comptables professionnels agréés du Québec. The limitations outlined in this section as well as any limitations of liability contained in this Agreement shall not apply to limit the personal civil liability of members of the Ordre des comptables professionnels agréés du Québec performing professional Services hereunder (and with respect to such members, such limitations shall be deemed not to be included in this Agreement). For purposes of this section, "Deloitte" shall mean Deloitte LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing Services, any Deloitte Entities and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee. The Client agrees that any claims that may arise out of this Agreement or any Services will be brought solely against Deloitte as the contracting party and not against any other Deloitte Entities.

- 11. Assignment** – Except as provided herein, no party may assign, transfer, or delegate any of its rights or obligations relating to the Agreement without the prior written consent of the other party. Deloitte may assign its rights and obligations under this Agreement to any affiliate or successor in interest to all or substantially all the assets or business of the relevant Deloitte practice.
- 12. Deloitte Entities and subcontractors** – Deloitte may use the services of any Deloitte Entities, component auditors, or other subcontractors (including those operating outside Canada) to assist Deloitte. Deloitte remains responsible to the Client for Services performed by Deloitte Entities and subcontractors.

13. **Software Tools** – In connection with the Services, Deloitte may use data analytics technology which may require Deloitte to install and use one or more data extraction tools ("Extractors") on the Client's computing systems. The Client hereby consents to such access and the installation and use of such Extractors, and where applicable, Deloitte hereby grants the Client a limited, revocable, non-exclusive, non-assignable, non-sublicensable right to install and use those Extractors solely in connection with Deloitte's performance of the Services. Deloitte recommends that the Client perform adequate security and other appropriate testing on the Extractors before installation. All Extractors are protected by copyright and other laws of various countries, and Deloitte and its licensors reserve all rights not expressly granted in the Agreement. The Client is not allowed to reverse engineer, disassemble, decompile, or otherwise attempt to derive the Extractors' source code, nor assist, directly or indirectly, in any efforts to do so, nor adapt, modify or create derivative works based on the Extractors. The license granted above will terminate upon completion or termination of the Services. When the license terminates, the Client must, where applicable, stop using the Extractors and delete any and all installed Extractors from the Client's computing systems, unless Deloitte and the Client have entered into a subsequent agreement that allows for the Client's continued use. Although Deloitte takes commercially reasonable steps to make the Extractors useful and secure, Deloitte does not have any obligation to ensure they are so, or to maintain, update, upgrade or otherwise modify or support the Extractors. The Extractors are provided "as is" and "as available", without warranty of any kind, and Deloitte expressly disclaims all implied warranties, including that the Extractors will be secure and error-free, or will meet any other criteria of performance or quality.
14. **Survival** – Any clause that is meant to continue to apply after termination of the Agreement will do so.
15. **Entire Agreement** – The Agreement forms the entire agreement between the parties in relation to the Services and supersedes all other oral and written representations, understandings or agreements related to the Services.
16. **Severability** – If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then that provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of the Agreement will remain in effect.
17. **Qualifications** – Notwithstanding anything herein to the contrary, Deloitte may use the name of the Client, refer to this Agreement and the performance of Services in marketing, publicity materials and other material, as an indication of its experience, and in internal data systems.
18. **Tax services and review by tax authorities** – The Client shall cooperate with Deloitte in the performance by Deloitte of tax related Services, including, without limitation, providing Deloitte with reasonable facilities and timely access to data, information and personnel of the Client. Client shall be responsible for the performance of its personnel and agents, for the timeliness, accuracy and completeness of all data and information (including all financial information and statements) provided to Deloitte by or on behalf of the Client and for the implementation of any advice, opinions, reports or other work product in any form provided as part of the Services. Deloitte may use and rely on information and data furnished by the Client or others without verification. Deloitte's performance shall be dependent upon the timely performance of the Client's responsibilities hereunder and timely decisions and approvals of the Client in connection with the Services. Deloitte shall be entitled to rely on all decisions and approvals of the Client. To the extent the Client requests tax related Services, Deloitte will use professional judgment in resolving questions affecting the Client relating to the tax Services to be provided by Deloitte. Where there are alternative filing positions or tax transactions, Deloitte will undertake to describe the benefits and risks of each so that the Client can make an informed decision. All returns are subject to examination by taxation authorities and the Client's returns may be audited and challenged by Canadian and other tax authorities. The Client understands

that Deloitte's tax advice or opinions are not binding on tax authorities or the courts and should never be considered a representation, warranty, or guarantee that the tax authorities or the courts will concur with Deloitte's advice or opinion. Any tax assistance provided by Deloitte will be based upon the law, regulations, cases, rulings, and other tax authority in effect at the time the specific tax assistance is provided. Deloitte may provide the Client with draft copies of returns or tax advice. Where any drafts are finalized and provided to the Client in final form, such previous drafts should not be relied upon. Nothing in this Agreement shall be construed as limiting or restricting disclosure of the tax treatment or tax structure of any transaction as described in the rules of any taxation authority, including Canada Revenue Agency and the Internal Revenue Service.

19. **Electronic messaging** – In accordance with Canadian anti-spam legislation, the Client consents to Deloitte contacting the Client and its personnel through electronic messages relating to Deloitte's Services, products and other matters of interest to the Client after the completion of this Agreement. The Client may withdraw any such consent by contacting Deloitte at unsubscribe@deloitte.ca.
20. **Language** – The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.

Appendix A

Financial statement audit

Resort Village of Candle Lake
March 22, 2019

Our audit services and audit scope

The consolidated financial statements

We may be requested by you from time to time to audit the consolidated financial statements of the Company. These consolidated financial statements comprise the consolidated statement of financial position as at the Fiscal Year end and the consolidated statements of operations and annual surplus, changes in net financial assets and cash flows for the Fiscal Year, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Financial Statements").

The Financial Statements, subject to audit are those of the Company, prepared by management, with oversight from those charged with governance ("Mayor and Council"). The objective of our audit is to express an opinion on whether the Financial Statements are fairly presented, in all material respects, in accordance with Public sector accounting standards ("PSAS"). We plan and perform the audit to obtain reasonable assurance that the Financial Statements as a whole are free from material misstatement, whether due to fraud or error.

Our audit report

On completion of our audit procedures, we expect to issue an audit report in the draft form set out in Appendix A(i). The final form of our audit report may differ based on our audit findings in which case, we will provide you with an updated draft form before it is issued. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and Mayor and Council.

Our responsibilities

Performance of the audit

We will conduct our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian GAAS.

Information on internal controls

We do not consider internal controls in order to express any opinion to you on their effectiveness. We consider internal controls relevant to the Company's preparation and fair presentation of the Financial Statements in making our risk assessments and in order to design appropriate audit procedures. We will, however, communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Financial Statements that come to our attention during the course of our engagement.

Reporting considerations

Going concern

If, based on the audit evidence obtained, we conclude that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, we are required to draw attention in our audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions will be based on the audit evidence obtained up to the date of our audit report.

Other information

Where the Company issues other information (for example, a Financial Statement Discussion and Analysis or a annual report), we are required to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We will report on the results of our procedures appropriately based on the revised CAS 720, *The Auditor's Responsibilities Relating to Other Information*.

Communication with Mayor and Council

Mayor and Council is responsible for the oversight of the financial reporting process and our work as auditors. We are required to communicate with the Board of Directors about certain matters that may arise during our audit and that may be significant to their role. These matters may include, but are not limited, to:

- the planned scope and timing of the audit;
- our views about significant qualitative aspects of the Company's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- any significant matters arising from the audit in connection with the Company's related parties;
- any events or conditions identified that may cast significant doubt on the Company's ability to continue as a going concern, including whether the events or conditions constitute a material uncertainty;
- any significant difficulties encountered during the audit;
- any significant matters that were discussed or subject to correspondence with management;
- written representations we are requesting;
- where CAS 720 applies, any uncorrected material inconsistencies between the other information and the Financial Statements or our knowledge obtained in the audit, and any uncorrected material misstatements of the other information we identify from reading the financial and non-financial information included in the Company's annual report containing or accompanying the Financial Statements and our audit report; and
- any other matters that in our professional judgment are significant to the oversight of the financial reporting process.

Fraud and illegal acts

An audit designed and executed in accordance with Canadian GAAS may not detect fraud or illegal acts. However, it is possible that actual and potential fraud or illegal acts may be discovered during the course of our audit. We will communicate actual or potential fraud or illegal acts identified during the audit to, in our sole judgement, the appropriate level of management and/or the Board of Directors depending on the type and significance of the issue.

Your responsibilities**Financial statements and internal control**

The audit of the Financial Statements does not relieve management or the Board of Directors of their responsibilities.

You are responsible for the preparation and fair presentation of the Financial Statements in accordance with PSAS.

You are also responsible for establishing internal control necessary for the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error. You must determine what internal control is required, including how it is designed, implemented and maintained. You will advise us of any deficiencies identified and any changes in internal control over financial reporting.

Access to information and personnel

You are responsible for providing us with access to all information that is relevant to your preparation of the Financial Statements and any additional information that we may request for the purpose of the audit. You will also provide unrestricted access to persons in the Company or others from whom we determine we need to obtain evidence for our audit.

Prevention of fraud and error

You are responsible for designing and implementing programs and controls to prevent and detect fraud, illegal acts and error. You will inform us about all known or suspected fraud, illegal acts or errors affecting the Company. You will further inform us of any allegations of fraud, illegal acts or potential errors received in communications (written or oral) from employees, former employees or any other parties external to the Company.

Compliance with laws and regulations

You are responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities. You will inform us of any known or possible violations of these laws or regulations.

Related parties

You will identify the Company's related parties and whether the Company entered into any transactions with these related parties in the time period under audit.

Subsequent events

You will advise us of whether any events have occurred between the date of the balance sheet and the date our audit report is released, that may affect the Financial Statements.

Correction of material errors

You are responsible for adjusting the Financial Statements to correct material misstatements identified during the course of our audit engagement.

Representation letter

As part of our engagement procedures, you will provide written confirmation of representations made to us in connection with the audit.

Disclosure of report

We are engaged solely by the Company to perform an audit engagement the purpose of which is to provide an opinion as to whether the Financial Statements are free from material misstatement.

You will not, without obtaining our prior written consent:

- publish or reproduce our report in any document that contains the Financial Statements;
- make reference to our firm in a document which contains other information in addition to the Financial Statements; or
- place our report on an electronic site.

In order for us to consider granting such written consent, you must provide adequate notice of your request as well as provide any draft document which is proposed to contain/refer to our report. If written consent is provided by us, you are solely responsible for the accurate and complete reproduction of our report and the financial statements on which we reported.

Other information

You acknowledge your responsibility for the other information, as applicable, and to provide us with the other information prior to the date of our audit report where possible. To the extent the other information is expected to be available after the date of our audit report, you agree to provide us with such other information when available, and prior to being issued by the Company, so that we are able to fulfill our responsibilities under CAS 720.

Independence

For purposes of the following three paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

Independence matters as a result of restrictions on providing certain services

In connection with our engagement, Deloitte, management, and the Board of Directors will assume certain roles and responsibilities in an effort to assist Deloitte in maintaining independence and ensuring compliance with applicable independence rules. It is your responsibility to have policies and procedures in place to confirm that the Company (together with its subsidiaries and other related entities) does not engage us or accept services from us that may impair our independence under applicable professional rules. All potential services are to be discussed with Ms. Valerie Watson.

In connection with the foregoing, the Company agrees to furnish to Deloitte and keep Deloitte updated with respect to a corporate tree that identifies the legal names of the Company's affiliates (e.g., parents, subsidiaries, investors or investees, variable interest entities or special purpose entities (as applicable)), together with the ownership relationship among such entities. Deloitte intends to capture this information in systems that may be accessed and used by its affiliates in order to assist Deloitte in meeting its independence obligations. Deloitte will not be requesting nor accepting any personal information for this purpose. Deloitte agrees to discuss any concerns raised regarding privacy or confidentiality with the Company.

Independence matters relating to hiring

In order to assist us in maintaining independence, you will also notify us of any substantive employment conversations that have occurred with current or former Deloitte personnel.

Mayor and Council's responsibilities

Mayor and Council is responsible for the oversight of the financial reporting process, including management's preparation of the Financial Statements and monitoring of the Company's internal controls related to financial reporting and oversight of our work.

Appendix A(i)

Expected form of report

Resort Village of Candle Lake
Fiscal year end December 31

We will provide you with our report on the Consolidated Financial Statements, which is expected to be in the following form. However, the final form will reflect the results of our audit. If there are any changes to the expected form of report in future years, we will provide you with an updated draft form before it is issued.

Independent Auditor's Report

To Mayor and Council of
Resort Village of Candle Lake

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Resort Village of Candle Lake (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and annual surplus, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, 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, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 PSAS, 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 related 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.

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 GAAS 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 GAAS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
Prince Albert, Saskatchewan
Date of the auditor's report

Appendix B

Tax compliance services

Resort Village of Candle Lake
March 22, 2019

Engagement summary chart

Entity name (Company or Trust)	Year end	Canadian Corporate tax return	Incidental tax services
Resort Village of Candle Lake	December 31	X	X

Canadian Corporate Tax Returns Corporate tax compliance services

We may be requested by you from time to time to prepare the following Canadian Corporate Tax Returns:

- Federal Corporation Income Tax Return (T2)

Income and capital tax returns

Canadian federal and provincial income and capital tax returns are generally due within 6 months of a corporation's year-end. No extensions are available and failure to file on a timely basis can result in penalty and interest levies. Even if a corporation is in a loss position, it is important to file the returns on a timely basis. Should the corporation be in a position to carry back the loss to a previous taxation year, the request must be made by the filing due-date of the return. If the return is filed late, the loss carryback may be disallowed. Also, should the taxes as filed be subsequently reassessed, late filing penalties would apply on any additional taxes owing.

Canada Revenue Agency's Corporate Internet Filing ("CIF") of Federal return

Commencing January 1, 2013, tax preparers who prepare more than 10 T2 corporation income tax returns are required to file them electronically unless the corporation income tax return meets one of the CRA's exemptions. Amended returns, returns for any year prior to the 2002 tax year, insurance corporations and eligible non-resident corporations, are not covered by the mandatory CIF rules. Unless your business type and income tax return are exempted from the mandatory CIF rules, we will use the CIF option.

Delivery of returns

We will normally deliver the returns to you in electronic format (i.e., a pdf copy), but we can provide paper copies if you so request.

Information provided by the Corporation for preparation of the returns

We will prepare the corporate tax returns based on the information provided by you. Unless notified otherwise, we will assume that any financial statements or other financial information provided to us accurately reflect the activities and expenses of the corporate entity and do not reflect any activities/expenses of any other person or entity. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information.

We will utilize the information you have already provided. It may be necessary for us to request further details or clarification once we commence the preparation of your returns. We ask for your continued cooperation in providing the necessary information to us in this event. In order to ensure timely preparation of the returns, it is necessary that we receive the information on a timely basis. If we do not receive the information on a timely basis, we cannot commit to completing our services in advance of the tax return filing due date.

Incidental services

Deloitte will provide advice from time to time on general income tax and indirect tax matters that are incidental to the Canadian and U.S. tax compliance services described in this Appendix. For significant projects, separate engagement letters will be issued. Deloitte will provide these services solely with respect to the specific matter, transaction or question presented by you (e.g., type of tax, taxing jurisdiction, etc.). The services do not include assistance or representation with respect to any administrative or judicial challenge. In delivering its services, Deloitte will rely solely on information, representations and documents provided by you, for the accuracy and completeness of which you are wholly responsible. You are also responsible for the ultimate implementation of any advice provided as part of the services.