



Port of Johnstown

2023 Audit Service Plan

Report to Port Management Committee

December 31, 2023

Marc Normand, CPA, CA
T: (613) 691-4254
E: marc.normand@mnp.ca



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Audit Service Plan Overview

We are pleased to present our Audit Service Plan for Port of Johnstown (the "Company") which outlines the strategy we will follow to provide the Company's Port Management Committee with our Independent Auditor's Report on the December 31, 2023 financial statements. We are providing this Audit Service Plan to the Port Management Committee on a confidential basis. It is intended solely for the use of the Port Management Committee and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on this report.

Additional materials provided along with this plan include both our Engagement Letter and draft Independence Communication. Our Engagement Letter is the formal written agreement of the terms of our audit engagement as negotiated with management and outlines our responsibilities under Canadian generally accepted auditing standards. Our draft Independence Communication formally confirms in writing MNP's independence.

We confirm to Port Management Committee that we are independent of the Company. Our letter to Port Management Committee discussing our independence will be included at the conclusion of the audit.

Topics for Discussion

We are committed to providing superior client service by maintaining effective two-way communication. Topics for discussion include, but are not limited to:

- Changes to your business operations and developments in the financial reporting and regulatory environment
- Business plans and strategies
- Any other issues and/or concerns
- Fraud, including how fraud could occur, the risk of fraud and misstatement, and any actual, suspected or alleged fraud
- The management oversight process
- Your specific needs and expectations

The MNP Audit Approach

Audit Materiality

The scope of our audit work is tailored to reflect the relative size of operations of the Company and our assessment of the potential for material misstatements in the Company's financial statements as a whole (and, if applicable, for particular classes of transactions, account balances or disclosures). In determining the scope, we emphasize relative audit risk and materiality, and consider a number of factors, including:

- The size, complexity, and growth of the Company;
- Changes within the organization, management or accounting systems; and
- Concerns expressed by management.



We propose to use \$400,000 as overall materiality for audit planning purposes.

Auditor’s Approach to Internal Control

For the December 31, 2023 audit, we are planning to place no reliance on the Company’s accounting system. This level of reliance is consistent with the prior year end, and will involve mainly substantive tests of details.

Key Changes and Developments

Based on our knowledge of the Company and our discussions with management, we have noted the recent developments set out below. Our audit strategy has been developed giving consideration to these factors.

ISSUES AND DEVELOPMENTS	SUMMARY
 NEW REPORTING DEVELOPMENTS	<ul style="list-style-type: none"> • IAS 1 Presentation of Financial Statements (January 2020 Amendment) • IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (February 2021 Amendment) • IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows (Amendments) • IFRS 16 Leases (September 2022 Amendments) • IFRS 17 Insurance Contracts (New, including Amendments subsequently issued in June 2020 and December 2021) • IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendments) • IAS 1 Presentation of Financial Statements (October 2022 Amendments)
 NEW ASSURANCE DEVELOPMENTS	<ul style="list-style-type: none"> • CAS 220 Quality Management for an Audit of Financial Statements (Amendment)

Detailed information on Key Changes and Developments are included as Appendix A.

Risk Assessment

Our audit process focuses on significant risks identified during the pre-planning and planning and risk assessment stage, ensuring that audit procedures are tailored to your specific circumstances and appropriately address those risks.

Based on the preliminary risk assessment procedures performed, we have identified the following significant and high risks which will be addressed during our audit. We have also outlined the proposed audit response to address those risks. We will update our risk assessment as the audit progresses for additional risks identified and will inform management of any additional significant risks identified.

SIGNIFICANT RISK AREA	PROPOSED AUDIT RESPONSE
<p>Management override of internal controls</p>	<p>To respond to the overall risk of material misstatement due to fraud regarding management's override of controls, we perform the following procedures:</p> <ol style="list-style-type: none"> 1. Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements 2. Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud, if applicable 3. Evaluate the rationale behind significant transactions that are not in the normal course of business and whether they have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets
<p>Revenue</p> <p>These is a presumed risk of fraud in revenue recognition on all audits. We have assessed this risk as relating to the cut-off assertion, whereby revenues could be recorded in the incorrect period.</p>	<p>MNP will test cut-off to gain a high degree of comfort over revenues being recorded in the proper period as well as testing journal entries posted by management with any unusual account combinations affecting revenue.</p>
<p>Management override of controls</p> <p>There is a presumed risk of management override of controls in all entities</p>	<p>MNP will test journal entries posted by management throughout the year based on criteria set by the audit engagement team.</p>

Audit Team

Team member continuity is important in developing a solid relationship with the Company, as well as to understanding your business, risks and processes. We also know team member turnover results in lost knowledge. While some team member transition likely is inevitable, we work at reducing this through our promoting practices, learning and training, working closely with team members on career growth and development, and valuing our professionals.

In order to ensure effective communication between the Port Management Committee and MNP, we outline below the key members of our audit team that will be responsible for the audit of Port of Johnstown and the role they will play:

RETURNING TEAM MEMBERS	CONTACT INFORMATION
Ian Murphy, CPA, CA, Partner	E: Ian.Murphy@mnp.ca
Marc Normand, CPA,CA, Partner	E: Marc.Normand@mnp.ca

NEW TEAM MEMBERS	CONTACT INFORMATION
James McRae, CPA, Manager	E: James.mcrae@mnp.ca

Our partners and senior management are committed to providing you with the highest level of attention and oversight throughout the terms of this engagement, reflecting MNP's staffing model and client service philosophy. Through consistent attention from leaders, our engagement team will maintain responsibility and authority over all matters of the engagement and will drive service delivery and issue resolution. In addition, the engagement team will be actively involved and have hands-on involvement with service delivery, ensuring engagement objectives will be met.

In order to serve you better and meet our professional responsibilities, we may find it necessary to expand our audit team to include other MNP professionals whose consultation will assist us to evaluate and resolve complex, difficult and/or contentious matters identified during the course of our audit.

Any changes to the audit team will be discussed with you to ensure a seamless process and that all concerned parties' needs are met.

Timing of the Audit

KEY DELIVERABLE	EXPECTED DATE
Planning procedures	December 4, 2023 to December 8, 2023
Year-end fieldwork procedures	January 29, 2024 to February 2, 2024

KEY DELIVERABLE	EXPECTED DATE
Draft year-end financial statements to be discussed with management	February 28, 2024
Presentation of December 31, 2023 Audit Findings Report to Port Management Committee	March 31, 2024
Presentation of Management Letter to the Port Management Committee	March 31, 2024
Issuance of Independent Auditor's Report	March 31, 2024

Fees and Assumptions

DESCRIPTION	2023 ESTIMATE
Base audit fee	\$ 30,000

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the engagement partner, so a mutually agreeable solution can be reached.

Invoices will be rendered as work progresses in accordance with the following schedule:

DESCRIPTION	AMOUNT
Progress billing #1 - at start of planning audit procedures	\$ 15,000
Final billing – at start of year-end audit procedures	\$ 10,000
Final billing – upon release of auditor's report	\$ 5,000
Total	\$ 30,000

We look forward to discussing our Audit Service Plan with you, as well as any other matters of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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Appendix A – Key Changes and Developments

We would like to bring to your attention the following accounting and auditing developments, which may have some impact on your financial reporting.

Issues and Developments Summary

New Reporting Developments

IAS 1 Presentation of Financial Statements (January 2020 Amendment)

In January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020. The amendments clarify the requirements for classifying liabilities as either current or non-current by:

- Specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists;
- Clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services;
- Clarifying that classification is unaffected by management’s expectation about events after the balance sheet date; and
- Clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity’s financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity’s loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments.

In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of the COVID-19 pandemic. Early application is permitted. The AcSB endorsed the IASB’s amendment to defer the effective date in October 2020.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (February 2021 Amendment)

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021.

The amendments introduce a new definition of ‘accounting estimates’ to replace the definition of ‘change in accounting estimates’ and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

IFRS 7 Financial Instruments: Disclosures and IAS 7 Statement of Cash Flows (Amendments)

Appendix A – Key Changes and Developments (continued from previous page)

In May 2023, the International Accounting Standards Board (IASB) issued disclosure-only amendments to IFRS 7 *Financial Instruments: Disclosures* and IAS 7 *Statement of Cash Flows*. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management.

The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application permitted.

IFRS 16 Leases (September 2022 Amendments)

In September 2022, the International Accounting Standards Board (IASB) issued amendments to IFRS 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments were incorporated into Part I of the CPA Canada Handbook in December 2022.

The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The IASB has not prescribed a particular method for measuring the lease liability. A seller-lessee must apply the amendments retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

IFRS 17 Insurance Contracts (New, including Amendments subsequently issued in June 2020 and December 2021)

In May 2017, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on insurance contracts, IFRS 17 *Insurance Contracts*, which was incorporated into Part I of the CPA Canada Handbook – Accounting in March 2018. IFRS 17 supersedes IFRS 4 *Insurance Contracts*, which was issued as an interim standard in 2004 and allowed entities to account for insurance contracts using a wide variety of accounting practices. IFRS 17 introduces a single principle-based standard to account for all types of insurance contracts to enhance the comparability of financial reporting between entities. The new standard provides guidance on the recognition, measurement, presentation and disclosure of insurance contracts issued. The main features of IFRS 17 include:

- Recognition and measurement of groups of insurance contracts as a combination of the current measurement of the future cash flows and the expected profit over the period that services are provided under the contracts;
- Recognition of profit from a group of insurance contracts over the period the entity provides insurance coverage and as the entity is released from risk, with immediate recognition of a loss if a group of contracts is or becomes loss-making;
- Separate presentation of insurance revenue, insurance service expenses and insurance finance income or expenses;
- An accounting policy choice to either recognize all insurance finance income or expenses for the reporting period in profit or loss, or a portion of insurance finance income or expenses in comprehensive income; and
- An optional simplified measurement approach, the “premium allocation approach”, for simpler insurance contracts.

Appendix A – Key Changes and Developments (continued from previous page)

In March 2020, the IASB decided to defer the effective date of the standard to annual periods beginning on or after January 1, 2023. Earlier application is permitted for entities that also apply IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*.

In June 2020, the IASB issued final amendments to IFRS 17, which were incorporated into Part I of the CPA Canada Handbook – Accounting in November 2020.

The amendments are summarized below:

- Credit cards contracts and loan contracts that meet specified criteria are excluded from the scope of IFRS 17 and instead accounted for by applying IFRS 9.
- A portion of acquisition costs must be allocated to any related expected contract renewals. Such costs are recognized as an asset until the contract renewals are recognized. The recoverability of the asset must be assessed at each reporting date.
- Companies that prepare interim financial statements have the option to change the estimates made in previous interim financial statements when applying IFRS 17 subsequently, if it considers doing so less costly than keeping the estimates unchanged.
- The expected profit for insurance contract services attributable to insurance coverage and any service related to investment activities (investment-return service) shall be recognized in profit or loss over time.
- An entity is permitted to use the risk mitigation option, when an entity uses reinsurance contracts held or non-derivative financial instruments measured at fair value through profit or loss to mitigate financial risks of insurance contracts with direct participation features.
- An entity that recognizes losses on loss-making insurance contracts on initial recognition shall also recognize a gain at the same time on reinsurance contracts held. The gain is recognized to the extent that those reinsurance contracts held cover the claims of the insurance contracts on a proportionate basis and are entered into before or at the same time the loss-making insurance contracts are issued.
- The presentation of insurance contract assets and insurance contract liabilities on the balance sheet shall be on a portfolio basis rather than groups of insurance contracts.
- Three additional transition reliefs for entities applying the standard for the first time would be provided. These transition reliefs relate to liabilities for claim settlement acquired in a business combination, risk mitigation relationships and the fair value transition option.

The IASB also issued a consequential amendment to IFRS 4 to defer the fixed expiry date for the temporary exemption from applying IFRS 9, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.

In December 2021, the IASB issued an amendment to IFRS 17 which was incorporated into Part I of the CPA Canada Handbook – Accounting in March 2022.

The narrow-scope amendment provides an optional IFRS 17 transition provision for entities that first apply IFRS 17 and IFRS 9 at the same time to alleviate an expected issue that could otherwise arise due to differences in the transition reliefs provided by IFRS 17 and 9. The amendment relates to financial assets for which comparative information presented on initial application of IFRS 17 and IFRS 9 has not been restated for IFRS 9. Applying the amendment, an entity would be permitted to present comparative information about such a financial asset as if the

Appendix A – Key Changes and Developments (continued from previous page)

classification and measurement requirements of IFRS 9 had been applied to that financial asset.

The amendment is effective for annual periods beginning on or after January 1, 2023 coinciding with the effective date of IFRS 17.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendments)

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 *Presentation of Financial Statements* which were incorporated into Part I of the CPA Canada Handbook – Accounting and IFRS Practice Statement 2 *Making Materiality Judgements* in June 2021.

The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose “significant” accounting policies under IAS 1 with a requirement to disclose “material” accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments, which should be applied prospectively, are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

IAS 1 Presentation of Financial Statements (October 2022 Amendments)

In October 2022, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting in December 2022. The amendments require an entity to disclose, in specified circumstances, information in the notes that enables financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period. As part of the amendments, a provision was added to clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability’s classification as current or non-current, even if compliance with the covenant is only assessed after the entity’s reporting date. Covenants which an entity must comply with after the reporting date would not affect classification of a liability as current or non-current at the reporting date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. An entity that applies these amendments early is also required to apply the January 2020 amendments at the same time, and vice versa.

New Assurance Developments

CAS 220 Quality Management for an Audit of Financial Statements (Amendment)

In May 2021, the Auditing and Assurance Standards Board (AASB) issued the revised CAS 220 *Quality Control for an Audit of Financial Statements* to align with the requirements of ISA 220 *Quality Management for an Audit of*

Appendix A – Key Changes and Developments (continued from previous page)

Financial Statements. The amendments deal with the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements, including a particular focus on the roles and responsibilities of the engagement partner. CAS 220 is meant to be scalable for firms of different sizes and for engagements where the nature and circumstances differ.

CAS 220 sets out requirements relating to:

- Leadership responsibilities for managing and achieving quality on audits;
- Relevant ethical requirements, including those related to independence;
- Acceptance and continuance of client relationships and audit engagements;
- Engagement resources;
- Engagement performance;
- Monitoring and remediation;
- Taking overall responsibility for managing and achieving quality; and
- Documentation.

As a result of issuing the amendments to CAS 220, amendments have been made to CAS 300 *Planning an Audit of Financial Statements* and CAS 610 *Using the Work of Internal Auditors*. Editorial changes have been made to other standards.

CAS 220 is effective for audits of financial statements for periods beginning on or after December 15, 2022.

MADE ^{IN} CANADA

And proud of it!

At MNP we're proud to be the national accounting, consulting and tax firm that is 100% Made in Canada.

Our history defines who we are and our approach to business. Being a Canadian firm has helped shape our values, our collaborative approach, and the way we work with our clients, engaging them every step of the way.

We have a unique perspective. Our decisions are made here – decisions that drive Canadian business and help us all achieve success — and we know the impact that our choices have on the cities and towns we call home.

Throughout our six decades of work, we've seen our communities are more than just a place we do business in. They're a place where our families live, play, and thrive, and we work to make them the best places they can be.

Being 100% Canadian is something we wear proudly. This country provides us with great opportunities, and we're here to help our clients seize the opportunities so we can create a brighter future for the generations to come.



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November 17, 2023

Robert Dalley, General Manager
Port of Johnstown
3035 County Road 2
Johnstown, ON K0E 1T1

Dear Mr. Dalley,:

This letter will confirm the arrangements discussed with you regarding the services MNP LLP ("we" or "MNP") will render to Port of Johnstown (the "Company") commencing with the fiscal year ending December 31, 2023.

Our responsibilities

We will audit the financial statements of Port of Johnstown for the year ended December 31, 2023.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we will plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error.

Our responsibilities, objective, scope, independence and the inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards are detailed in Appendix A, which forms part of our mutual understanding of the terms of this engagement.

Management's responsibilities

The operations of the Company are under the control of management, which has responsibility for the accurate recording of transactions and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This includes the design, implementation and maintenance of the system of internal control relating to the preparation and presentation of the financial statements.

Appendix B, which describes in detail management's responsibilities with respect to this engagement, forms part of our mutual understanding of the terms of this engagement.

Reporting

Unless unanticipated difficulties are encountered, our report will be substantially in the form illustrated in Appendix C.

Fees and expenses

Our fees and expenses are discussed in detail in Appendix D.

Other matters

We will, as permitted by the Code of Professional Conduct, provide additional services upon request, in areas such as taxation, leadership and human resource management, communication, marketing, strategic planning, financial

management and technology consulting.

Our standard terms and conditions, included as Appendix E, form part of our mutual understanding of the terms of this engagement. In the event that you choose to terminate this engagement based on the terms outlined in Appendix E, we reserve the right to notify all financial statement users of the change.

These terms will continue in effect from year to year, unless changed in writing.

We believe the foregoing correctly sets forth our understanding, but if you have any questions, please let us know. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning the engagement letter to us.

It is a pleasure for us to be of service to you. We look forward to many years of association with you and Port of Johnstown.

Sincerely,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

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RESPONSE:

This letter correctly sets forth the understanding of Port of Johnstown.

Port Kelly
Officer Signature

GENERAL MANAGER
Title

Nov. 17, 2023
Date

cc: Port Management Committee

Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations

The following details our responsibilities as auditors and the objective, scope, independence and inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards.

Our responsibilities, objective and scope

Our audit will be planned and performed to obtain reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. If any of the following matters are identified, they will be communicated to the appropriate level of management:

- Misstatements, resulting from error, other than immaterial misstatements;
- Fraud or any information obtained that indicates that a fraud may exist;
- Material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Any evidence obtained that indicates non-compliance or possible non-compliance with laws and regulations has occurred;
- Significant deficiencies in the design or implementation of controls to prevent and detect fraud or misstatements; and
- Related party transactions identified that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Furthermore, we will consider the Company's system of internal control over financial reporting for the purpose of identifying types of potential misstatement, considering factors that affect the risks of material misstatement, and determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of controls over financial reporting nor to identify all significant deficiencies in the Company's system of financial controls.

Independence

The Code of Professional Conduct require that we are independent when conducting this engagement. We will communicate to the Port Management Committee any relationships between the Company (including related entities) and MNP that, in our professional judgment, may reasonably be thought to bear on our independence.

If matters should arise during this engagement that can reasonably be assumed to have impaired our independence, we may need to withdraw from this engagement.

Audit limitations

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the financial statements. This includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation, structure and content of the financial statements, including disclosures.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of factors such as the use of judgment, selective testing of data, inherent

Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations *(continued from previous page)*

limitations of controls, and the fact that much of the audit evidence available is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material misstatement due to fraud.

While an effective system of internal control reduces the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, we cannot guarantee that fraud, misstatements and non-compliance with laws and regulations, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

The audit of the financial statements and the issuance of our audit opinion are solely for the use of the Company and those to whom our report is specifically addressed. We make no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party. If our name is to be used in connection with the financial statements, you will attach our independent audit report when distributing the financial statements to third parties.

We ask that our names be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.

Appendix B: Management Responsibilities

During the course of our audit, you will be required to provide and make available complete information that is relevant to the preparation and presentation of the financial statements, including:

- Financial records and related data, including data relevant to disclosures made in the financial statements;
- Copies of all minutes of meetings of Port Management Committees and council;
- Access to personnel to whom we may direct our inquiries;
- Information relating to any known or possible instances of non-compliance with laws, legislative or regulatory requirements (including financial reporting requirements);
- Information relating to all related parties and related party transactions; and
- Allowing access to those within the Company from whom the auditor determines it necessary to obtain audit evidence.

Management's responsibility with respect to fraud and misstatement includes:

- The design and implementation of internal control for its prevention and detection;
- An assessment of the risk that the financial statements may be materially misstated;
- Disclosure of situations where fraud or suspected fraud involving management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements, have been identified or allegations have been made; and
- Communicating your belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our audit in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

If the Company plans any reproduction or publication of our report, or a portion thereof, printer's proofs of the complete documents should be submitted to us in sufficient time for our review, prior to making such documents publicly available. It will also be necessary for you to furnish us with a copy of the printed report. Further, it is agreed that in any electronic distribution, for example on Port of Johnstown's website or on designated public document databases, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported, and for informing us of any subsequent changes to such documents. However, we are responsible to read the documents to ensure accuracy, and consider the appropriateness of other information accompanying the audited financial statements, upon initial posting.

Appendix C: Illustrative Independent Auditor's Report

To the To the Members of Council, Inhabitants and Ratepayers of the Township of Edwardsburgh/Cardinal of Port of Johnstown:

Opinion

We have audited the financial statements of Port of Johnstown (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of profit and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 International Financial Reporting 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Appendix C: Illustrative Independent Auditor's Report (continued from previous page)

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cornwall, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Appendix D: Fees and Expenses

Our fees are determined on the basis of time spent on the engagement at the tariff rates of various members of our team. Any disbursements will be added to the billing.

The estimate of fees for the audit services to be provided are \$30,000.

Invoices will be rendered as work progresses in accordance with the following schedule:

Progress billing #1 - at start of planning procedures	\$	15,000
Progress billing #2 - at start of year-end procedures	\$	10,000
Final billing - upon release of the Independent Auditor's Report	\$	5,000

In signing this letter, you acknowledge your approval of the above billing schedule and amounts. Invoices expected to be issued that do not adhere to this schedule, or are in excess of the amounts noted above, will be discussed with you for your approval. Fees collected will be applied to overdue invoices first, followed by subsequently issued invoices in order of issuance. If payment is not received in accordance with the above schedule, we will at our discretion cease all work until the scheduled payments are received.

Our estimated fees are based on our past experience and our knowledge of the Company. This estimate relies on the following assumptions:

- No significant deficiencies in the system of internal control which cause procedures to be extended;
- No major unadjusted misstatement(s) or un-reconciled balances;
- Significantly all adjusting entries are completed prior to the trial balance and journal entries being provided to the audit team;
- All management and required staff are available as needed;
- Information and working papers required, as outlined in our letter of fiscal year-end requirements, are provided in the mutually agreed form and timing; and
- There are no changes to the agreed upon engagement timetable and reporting requirements.

We will ask that your personnel, to the extent possible, prepare various schedules and analysis, and make various invoices and other documents available to our team. This assistance will facilitate the progress of our work and minimize the cost of our service to you.

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the practitioner leading your engagement so a mutually agreeable solution can be reached. In accordance with our standard terms and conditions, included as Appendix E, if significant changes to the arrangements set forth in this engagement letter are required, any change in scope of the engagement will need to be agreed in writing, in a "Change Order" agreement.

Appendix E: Standard Terms and Conditions

The following standard terms and conditions and engagement letter to which they are attached form one agreement (the "Agreement") and set out the terms and conditions upon which MNP LLP ("MNP") will provide services to you (the "Company").

1. **Timely Performance** - MNP will use all reasonable efforts to complete, within any agreed-upon time frame, the performance of the services described in the engagement letter to which these terms and conditions are attached. However, MNP shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by the Company of its obligations as set out in the engagement letter.
2. **Right to Terminate Services** - The Company may terminate the engagement upon 30 days written notice. If this occurs, the Company shall pay for time and expenses incurred by MNP 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. Should the Company not fulfil its obligations as set out herein and in the engagement letter, and in the event that the Company fails to remedy such default within 30 days following receipt of notice from MNP to that effect, MNP may, upon written notification and without prejudice to its other rights and resources, terminate provision of our services as described in the engagement letter. In such case, MNP shall not be responsible for any loss, costs, expenses, or damages resulting from such termination.
3. **Change Order** - If, subsequent to the date of this engagement letter, the Company requires significant changes to the arrangements set forth in this engagement letter, the Company will be required to agree to the change in scope of the engagement in writing, in a "Change Order" agreement. The "Change Order" agreement will set forth the revised arrangements and scope of services to be performed and any related additional fees associated.
4. **Fees** - Any fee estimates by MNP take into account the agreed-upon level of preparation and assistance from the Company's personnel. MNP undertakes to advise the Company's management on a timely basis should this preparation and assistance not be provided, or should any other circumstances arise which cause actual time to exceed the estimate.
5. **Administrative Expenses** - A non-reimbursable administrative expense fee (the "Administrative Fee") equal to 5% of the professional fees charged will be levied for administrative expenses. The administrative fee will be added to the professional fees and will be payable at the same time. Out-of-pocket expenses, including travel and accommodation expenses, incurred in connection with and necessary to the provision of our Services will be charged to the client.
6. **Billing** - Bills will be rendered on a regular basis as the assignment progresses. Accounts are due and payable upon receipt. Interest may be charged on the balance of any accounts remaining unpaid for more than 30 days, at a rate of 1.5% per month (19.56% per annum).
7. **Taxes** - All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. The Company shall assume and pay any such taxes or duties, without deduction from the fees and charges hereunder.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

8. **Governing Law** - The engagement will be governed and construed in accordance with the laws of the Province of Ontario, and shall be deemed in all respects to be an Ontario contract. The Company and MNP submit to the courts of that jurisdiction with respect to all matters arising under or by virtue of this Agreement.
9. **Working Papers** - MNP owns all working papers and files, other materials, reports and work created, developed or performed during the course of the engagement, including intellectual property used in the preparation thereof. We will provide management with a copy of all practitioner-prepared working papers necessary for the Company's accounting records. MNP may develop software, including spreadsheets, documents, databases, and other electronic tools, to assist us with our assignment. As these tools and working papers were developed specifically for our purposes and without consideration of any purpose for which the Company might use them, any such tools which may be provided to the Company, will be made available on an "as is" basis only, at our discretion, and should not be distributed to or shared with any third party. Except as indicated in the Code of Professional Conduct or by any legal proceeding, we have no responsibility to share our working papers with you or with any other parties.
10. **Personal Data** - Except to the extent necessary for the performance of the services, the Company shall not provide any personal information to MNP in connection with this engagement. If personal information is disclosed to MNP, or is accessed, collected, used, or disclosed by MNP, the Company represents and warrants that it has or will (as required) collect all necessary consents, provide any necessary notices, and do all such other things as are required under applicable law in respect of such personal information. Under Canadian and Provincial legislation, "personal information" generally refers to any information about an identifiable individual that allows such individual to be identified. Should personal information be disclosed to MNP, or be accessed, collected, used, or disclosed by MNP in connection with this Agreement, you give us your consent to access, collect, use, or disclose such personal information. To the extent MNP receives personal information, it will collect, use or disclose it in accordance with applicable Canadian federal and provincial privacy legislation, the terms of MNP's privacy policy, available for review at www.mnp.ca/privacy, and the terms contained herein. In the event of a conflict between the terms of this Agreement and the terms of the MNP privacy policy, the terms of this Agreement will prevail.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

11. **Confidentiality** - "Confidential Information" means any and all information in any form that a party ("Disclosing Party") provides to the other party ("Receiving Party") in the course of this Agreement and that either has been marked as confidential or is of such nature that a reasonable person would treat it as confidential under like circumstances.

Confidential Information does not include information that: (i) is or becomes generally known or available to the public, through no act or omission on the part of the Receiving Party; (ii) was known by the Receiving Party prior to receiving such information from the Disclosing Party and without restriction as to use or disclosure; (iii) has been agreed by the Parties in writing as being excluded from Confidential Information; (iv) is rightfully acquired by the Receiving Party from a third party who has the right to disclose it and who provides it without restriction as to use or disclosure; or (v) is independently developed by or on behalf of the Receiving Party without access to any Confidential Information of the Disclosing Party. Each Party retains ownership of its Confidential Information.

Each party agrees to (i) protect the other's Confidential Information in the same manner as it protects the confidentiality of its own proprietary and confidential materials but in no event with less than reasonable care; (ii) use the other's Confidential Information only in relation with the Agreement. Neither Party shall, except with respect to their employees, partners, contractors, legal or financial advisors, and its affiliates with a need to know for purposes of this Agreement, disclose to any person any Confidential Information of the Disclosing Party without the Disclosing Party's prior written consent, except where Confidential Information may be disclosed by court order, law or other legal requirements. The Company acknowledges that our client files may be periodically reviewed by provincial or national practice inspectors as required by law, including for reporting-issuers by the Canadian Public Accountability Board, the Public Company Accounting Board or other regulators, and by other Firm personnel that may be located extra-provincially to ensure we are adhering to professional and Firm standards.

At the expiry or upon termination of this Agreement, the Receiving Party shall promptly destroy or deliver to the Disclosing Party all of the Confidential Information furnished to it during the term of this Agreement, provided, however, that the Receiving Party may retain such Confidential Information in its confidential files, for compliance with all applicable laws, regulations, professional standards and internal document retention policies, provided such Confidential Information is provided and treated with the same protections as is provided under this Agreement.

The Receiving Party shall not, in connection with the foregoing obligations, be required to identify, destroy, or return Confidential Information held electronically in archive or back-up systems in accordance with general systems archiving or backup policies and procedures.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

12. **Data Analytics and Benchmarking** - The Company agrees that MNP may use relevant portions of the data disclosed to MNP in the course of the Engagement, which may include business, financial, personal or confidential information (the "Client Data") for the purpose of performing individualized (using your data only, for your eyes only) and aggregated benchmarking analytics (using many data sources). Aggregated benchmarking services will be performed to provide valuable insights on financial and other trends either (a) within your specific business organization over time, or (b) on an aggregated basis across an entire industry or sector and will allow MNP to use such information for any business purposes and to provide services to its clients. None of the analysis generated from aggregated data processing will contain any information that would allow a third party to identify you. As such, none of the analytics reporting based on aggregated data will result in a disclosure of Client Data, nor will MNP re-identify or remove data following the anonymization and aggregation process.
13. **Nature of the Limited Liability Partnership (LLP)** - MNP is a registered limited liability partnership, as permitted by legislation enacted in our governing jurisdiction of the Province of Alberta. This legislation provides that a partner of an LLP is not personally liable for any of the debts, obligations, or liabilities of the LLP or any of the other partners which may arise as a result of any negligent act or omission of another partner of the LLP, or by any employee of the partnership, unless such act or omission is committed by the partner him or herself or by a person under the partner's direct supervision and control. All partners of an LLP remain personally liable for any acts or omissions arising as a result of their own negligence, and for the acts or omissions of those directly under their supervision or control, and shall continue to be subject to unlimited personal liability for all of the other liabilities of the partnership. The legislation does not reduce or limit in any way the liability of the partnership itself, and all of the partnership's assets and insurance coverage remain at risk.
14. **Release and Limitation of Liability** - The Company and MNP agree to the following with respect to MNP's liability to the Company:
 - a. In any action, claim, loss or damage arising out of the engagement, the Company agrees that MNP's liability will be several and not joint and the Company may only claim payment from MNP of MNP's proportionate share of the total liability based on the degree of fault of MNP as finally determined by a court of competent jurisdiction.
 - b. Other than for matters finally determined to have resulted from the gross negligence, fraud or willful misconduct of MNP, whether the claim be in tort, contract, or otherwise:
 - i. MNP shall not be liable to the Company and the Company releases MNP for all claims, damages, costs, charges and expenses (including legal fees and disbursements) incurred or suffered by the Company related to, arising out of, or in any way associated with the engagement to the extent that the aggregate of such amounts is in excess of the total professional fees paid by the Company to MNP in connection with this engagement during the 12 month period commencing from the date of the engagement letter to which these terms and conditions are attached; and,
 - ii. MNP shall not be liable to the Company for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings, relating to MNP's services provided under the engagement letter to which these terms and conditions are attached.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

15. **Indemnity** - The Company agrees to jointly and severally indemnify and hold harmless MNP against:
- a. All claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, other than those finally determined by a court of competent jurisdiction to have resulted from MNP's gross negligence, fraud or willful misconduct; and,
 - b. Notwithstanding "a.," all claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, that arise from or are based on any deliberate misstatement or omission in any material, information or representation supplied or approved by any officer or member of the Board of Directors of the Company.

For the purposes of paragraph 14. and 15., "MNP" shall mean MNP LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing services under the engagement letter to which these terms are attached, MNP LLP, its member firms, and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.

16. **Survival of Terms** - The Company and MNP agree that clauses 14. and 15. will survive termination of the engagement.
17. **Electronic Communications** - Unless the Company prefers we use a particular manner of communication and specifies as much in writing, MNP will use whatever form of communication it deems most efficient in the circumstances. In many instances, this will involve the use of internet e-mail. With respect to internet e-mail, MNP and the Company both acknowledge that neither party has control over the performance, reliability, availability, or security of internet e-mail. Additionally, MNP staff may be required or requested to work from your offices during which visits access to and use of and reliance upon your electronic environment (including but not limited to, your network, Internet, and extranet resources) is necessitated. The Company accepts that MNP shall not be liable for any loss, damage, expense, harm or inconvenience resulting from any loss, delay, interception, corruption, security breach, delivery failure, incompatibility, incompleteness or alteration of any document or transmission arising from the use of e-mail or the transmission of any document outside of MNP's electronic environment.

Appendix E: Standard Terms and Conditions *(continued from previous page)*

18. **Third Party Services or Products** - MNP uses certain third-party services or products, including third-party software. The Company agrees to the use by MNP of such third parties to: (i) provide certain services to you; (ii) to support MNP in the performance of the services; or (iii) as needed for MNP's business operations (the "Purpose"). By signing this Agreement, you agree to MNP disclosing Client Data to third parties to fulfil the Purpose. While we use third parties located in Canada whenever possible, it is not always possible to do so in order to provide you with the best client experience possible. Client Data being uploaded and downloaded through third party networks may transit or be stored or accessed on servers located outside of your province or country of residence and, in such cases, these third parties could be required to disclose data, including personal information, in its custody to the governments in a different jurisdiction, including, government agencies, courts or law enforcement or regulatory agencies pursuant to the laws of such jurisdictions. To the extent possible, MNP will impose confidentiality obligations upon these third parties that are comparable to those contained herein, however MNP does not have control over their conduct and MNP shall not be liable for any loss or damage arising from your or MNP's use of such third parties.
19. **Praxity** - We are an independent accounting firm allowed to use the name "PRAXITY" in relation to our practice. We are not connected by ownership to any other firm using the name "PRAXITY" and we will be solely responsible for all work carried out by us on your behalf. In deciding to instruct us you acknowledge that we have not represented to you that any other firm using the name "PRAXITY" will in any way be responsible for the work we do.
20. **Solicitation** - The Company agrees that for a period of one year after completion of the services, it shall not, directly or indirectly, for itself or for any third party, solicit the services of, hire, contract for the services of, or otherwise entice away from their partnership, employment or contract of services with MNP or any MNP Person. In the event of a breach of this section by the Company, the Company shall be obliged to pay to MNP liquidated damages in the amount of one hundred fifty (150%) percent of the total compensation the Company or third party offered to pay the individual in their first year of service to such party, or one hundred fifty (150%) percent of total compensation the Company or third party actually paid to the individual in their first year of service to such party, whichever is greater. The Company further understands that any breach by the Company of this provision may result in a threat to our independence which may prevent us from accepting or continuing any engagement to provide assurance services to the Company. "MNP Person" means any and all partners, employees and contractors providing services to MNP, whether for a defined or indefinite period or on a part-time or full-time basis, and with whom the Company had contact during the term of this engagement.