

April 16, 2020

Metrix Group LLP  
Mayfield Square I  
10476 Mayfield Road  
Edmonton, Alberta T5P 4P4

Dear Sirs:

**Re: Client representation letter**

This representation letter is provided in connection with your audit of the financial statements of Summer Village of Sandy Beach for the year ended December 31, 2019, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

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

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated June 25, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.

**Information Provided**

- We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - management;
  - employees who have significant roles in internal control; or

- others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

## General

1. We have reviewed, approved and recorded all of the following:
  - a) Adjusting journal entries you prepared or changed;
  - b) Account codes you determined or changed;
  - c) Transactions you classified; and
  - d) Accounting records you prepared or changed.
2. We have responded fully to all inquiries made to us and have made available to you all accounting and financial records and related data of the Summer Village during your audit.
3. We believe the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
4. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
5. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
6. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
7. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.
8. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
9. The Summer Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:

  - a) Appropriate provisions for idle, abandoned, destroyed or obsolete assets or where site restoration costs will be necessary; and
  - b) Impairments in the value of goodwill or intangible assets.
10. We have disclosed to you, and the Summer Village has complied with, all aspects of contractual agreements that would 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.
11. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.

12. We have disclosed to you all significant customers and/or suppliers of the Summer Village who individually represent a significant volume of transactions with our Summer Village. We are of the opinion that the volume of transactions (e.g., sales, services, purchases, borrowing and lending) done by the Summer Village with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the Summer Village.
13. Provision has been made for any material loss to be sustained in the fulfillment of, or from an inability to fulfill, any sales commitments.
14. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.
15. There were no inventories on consignment, bill-and-hold, or other arrangements, either owned by us or by our suppliers. Provision, when material, has been made (i) to reduce excess or obsolete inventories to their estimated net realizable value and (ii) for any loss to be sustained as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of the prevailing market prices.
16. There are no material unrecorded assets or contingent assets (such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain), that have not been disclosed to you.
17. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:
  - a) The measurement methods used are permitted under Canadian public sector accounting standards and appropriate in the circumstances;
  - b) The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
  - c) The method of valuation has been applied consistently;
  - d) The assumptions are consistent with management's intended courses of action; and
  - e) Financial statement disclosures are in accordance with Canadian public sector accounting standards.
18. We have obtained all consents that are required under applicable privacy legislation for the collection, use, and disclosure to you of personal information.
19. The minute books of the Summer Village are a complete record of all meetings and resolutions of Council throughout the period and to the present date.
20. We are aware of the environmental laws and regulations that have an impact on our Summer Village and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.
21. We have discussed with you all donations made by the Summer Village to qualified donees, and We understand that any donations made to Qualified Donees that may be used for political activities by the Qualified Donee, may be considered by the Canada Revenue Agency (CRA) to be a political activity expenditure made directly by the Summer Village.

## **Other**

1. None of the Councillors were in debt to the Summer Village, other than in the ordinary course of business at the year-end or at any time during the year.
2. The Summer Village did not make any related party transactions during the year that have not been disclosed to you.
3. All management fees, bonuses or other remuneration paid to or accrued on behalf of members or related parties represent the fair market value of services performed for, or goods provided to, the Summer Village.

Yours truly,

**SUMMER VILLAGE OF SANDY BEACH**

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized representation of the name Rudolf Liebenberg.

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Rudolf Liebenberg, Chief Administrative Officer