

THE CROWE VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2022

Draft for discussion purposes only

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Crowe Valley Conservation Authority are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards, as issued by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Tim Pidduck
General Manager & Secretary-Treasurer

Amanda Donald
Administrative Assistant

Date to be determined

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE CROWE VALLEY CONSERVATION AUTHORITY

Opinion

We have audited the financial statements of **THE CROWE VALLEY CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2022, and the statements of surplus, changes in net financial assets, operations 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 Authority as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

The financial statements of the Authority for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 16, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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 Authority 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.

Trenton, Ontario
Date to be determined

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE CROWE VALLEY CONSERVATION AUTHORITY
(Established Under the Conservation Authorities Act of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$1,383,153	\$1,297,258
Accounts receivable	122,942	83,189
	1,506,095	1,380,447
 LIABILITIES		
Accounts payable and accrued liabilities	92,005	86,306
Deferred revenue	123,110	96,732
	215,115	183,038
 NET FINANCIAL ASSETS	1,290,980	1,197,409
 NON FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	332,091	317,310
Prepaid expenditures	13,196	8,950
	345,287	326,260
 ACCUMULATED SURPLUS	\$1,636,267	\$1,523,669

Approved by the Board

_____ Director

_____ Director

(see accompanying notes)

**THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
ACCUMULATED SURPLUS , beginning of year	\$ 1,523,669	\$ 1,312,096
Annual surplus	<u>112,598</u>	<u>211,573</u>
ACCUMULATED SURPLUS , end of year	<u><u>\$ 1,636,267</u></u>	<u><u>\$ 1,523,669</u></u>

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
NET FINANCIAL ASSETS, beginning of year	<u>\$ 1,197,409</u>	<u>\$ 997,640</u>
Annual surplus	112,598	211,573
Acquisition of tangible capital assets	(45,804)	(42,525)
Amortization of tangible capital assets	31,023	30,721
Change in prepaid expenditures	<u>(4,246)</u>	<u>-</u>
	<u>93,571</u>	<u>199,769</u>
NET FINANCIAL ASSETS, end of year	<u><u>\$ 1,290,980</u></u>	<u><u>\$ 1,197,409</u></u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
REVENUE			
Ministry of Environment, Conservation and Parks			
Operating	\$ 60,267	\$ 60,267	\$ 60,267
Other projects	75,000	68,993	7,479
Municipal levies	745,067	745,087	683,855
Authority generated regulation administration fees	154,580	218,720	238,345
Operating agreements	37,420	38,029	46,133
Hydro project	20,000	25,545	20,803
Source Water Protection project	52,281	41,622	41,148
Miscellaneous revenues	21,214	37,920	13,559
Interest earned	5,000	15,217	5,322
Grants and donations	5,300	8,957	5,724
	<u>1,176,129</u>	<u>1,260,357</u>	<u>1,122,635</u>
EXPENDITURES			
Program administration and operation, Schedule 2	849,273	834,090	764,673
Capital projects, Schedule 3	1,500	-	1,215
Other projects, Schedule 1	375,356	282,646	114,453
Amortization	-	31,023	30,721
	<u>1,226,129</u>	<u>1,147,759</u>	<u>911,062</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (50,000)</u>	<u>\$ 112,598</u>	<u>\$ 211,573</u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF OTHER EXPENDITURE - OTHER PROJECTS

Schedule 1

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Automotive fuel, maintenance and licences	\$ 15,496	\$ 14,170	\$ 16,113
Water erosion control infrastructure (WECI)	242,587	162,233	11,088
Monitoring Projects	-	5,781	138
McGeachie Conservation Area	14,900	12,681	9,554
Conservation lands	12,000	13,204	4,258
Operating agreements - MNR and Hydro projects	38,092	32,976	31,852
Source water protection	<u>52,281</u>	<u>41,601</u>	<u>41,450</u>
	<u>\$ 375,356</u>	<u>\$ 282,646</u>	<u>\$ 114,453</u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF EXPENDITURE - PROGRAM ADMINISTRATION AND OPERATION

Schedule 2

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Insurance	\$ 52,120	\$ 48,539	\$ 39,213
Office and administration	59,261	59,762	53,247
Legal fees	8,282	1,881	5,550
Communications	18,800	14,668	16,005
Dam operations	13,000	5,104	13,249
Generic regulations	238,349	255,659	231,851
Wages	431,267	422,159	380,640
Municipal taxes	7,015	7,156	7,048
Travel and professional development	2,583	(1,400)	1,669
Utilities	<u>18,596</u>	<u>20,562</u>	<u>16,201</u>
	<u>\$ 849,273</u>	<u>\$ 834,090</u>	<u>\$ 764,673</u>

(See accompanying notes)

**THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SCHEDULE OF OTHER EXPENDITURE - CAPITAL PROJECTS

Schedule 3

	<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2021 Actual</u>
Administration office	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,215</u>

Draft for discussion purposes only

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2022

Schedule 4

	Land \$	Land Improvements \$	Buildings \$	Furniture, tools and equipment \$	Automotive equipment \$	Computer hardware and software \$	Infrastructure \$	2022 Total \$	2021 Total \$
Historical Costs:									
Opening Balance	56,216	13,209	290,883	92,868	119,834	468,822	1,406,926	2,448,758	2,406,233
Additions	-	6,458	-	35,484	-	-	-	45,804	42,525
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	56,216	19,667	290,883	128,352	119,834	472,684	1,406,926	2,494,562	2,448,758
Accumulated Amortization:									
Opening Balance	-	9,767	205,075	54,878	88,909	468,822	1,303,997	2,131,448	2,100,727
Amortization	-	453	5,867	2,835	5,962	193	15,713	31,023	30,721
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	-	10,220	210,942	57,713	94,871	469,015	1,319,710	2,162,471	2,131,448
Net book value for year ended December 31, 2022	56,216	9,447	79,941	70,639	24,963	3,669	87,216	332,091	317,310

(See accompanying notes)

Draft for discussion purposes only

THE CROWE VALLEY CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 112,598	\$ 211,573
Adjustment for:		
Amortization	<u>31,023</u>	<u>30,721</u>
	143,621	242,294
Change in non-cash operating balances:		
Accounts receivable	(39,753)	(6,993)
Prepaid expenditures	(4,246)	-
Accounts payable and accrued liabilities	5,699	18,531
Deferred revenue	<u>26,378</u>	<u>33,810</u>
	131,699	287,639
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(45,804)</u>	<u>(42,525)</u>
INCREASE IN CASH	85,895	245,114
CASH, beginning of year	<u>1,297,258</u>	<u>1,052,144</u>
CASH, end of year	<u>\$ 1,383,153</u>	<u>\$ 1,297,258</u>

(See accompanying notes)

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Crowe Valley Conservation Authority ("the Authority") is a corporate body established on November 6, 1958 under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources throughout the watershed within its area of jurisdiction in partnership with its member municipalities and the Province. The accompanying financial statements comprise all the activities of the Authority.

The Authority is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Authority follows Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) in preparing its financial statements. The significant accounting policies used are as follows:

Basis of accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Reserves

Reserves for future expenditures and contingencies are established as required at the discretion of the Authority

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. When an asset no longer contributes to the Authority's ability to provide services, its carrying amount is written down to its residual value. The cost of the tangible assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	40 years
Furniture, tools and equipment	20 years
Automotive equipment	10 years
Computer hardware and software	3 to 10 years
Infrastructure	50 to 100 years

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Authority recognizes revenue as follows:

Municipal levies are generally recognized in the fiscal year in which they are levied.

Government transfers are recognized in the period in which the event giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Other grants and specified project donations are recognized when the related net expenditures have been incurred.

Administration fees are recognized when the service has been performed.

General donations are recognized when received.

Any contributions received for which the related services have not been performed and/or the related expenditures have not been incurred at the end of the fiscal year are recorded as deferred revenue.

Interest on bank accounts is recognized when earned.

Use of estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Items requiring the use of significant estimates include determining the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

Pension expense and obligation

The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The cost of employer contributions to the multi-employer defined benefit pension plan are charged to operations in the same year as the related employee salaries and wages to which the contributions relate. No provision is made for any funding liability or surplus related to this plan.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Liability for contaminated sites

A contaminated site is a site at which substances occur, in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated sites if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Authority is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. These statements do not include any liability for contaminated sites.

3. ACCUMULATED SURPLUS

The components of accumulated surplus are as follows:

	<u>2022</u>	<u>2021</u>
Land operations reserve	\$ 17,000	\$ 17,000
McGeachie Conservation Area reserve	11,937	11,937
Contingencies reserve	103,813	103,813
Capital reserve	334,483	384,483
legal reserve	<u>20,500</u>	<u>20,500</u>
 Total reserves	 <u>487,733</u>	 <u>537,733</u>
 Tangible capital assets	 332,091	 317,310
Operating surplus	<u>816,443</u>	<u>668,626</u>
	<u>1,148,534</u>	<u>985,936</u>
	<u>\$ 1,636,267</u>	<u>\$ 1,523,669</u>

4. FINANCIAL INSTRUMENTS

The Authority's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The fair value of the financial instruments approximate their carrying values because of their expected short-term maturities and treatments on normal trade terms.

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

5. EXPENDITURES BY OBJECT

Operating expenditures comprise

	2022	2021
Salaries and benefits	\$ 729,634	\$ 677,635
Operating goods and services	387,102	202,706
Amortization	31,023	30,721
	\$ 1,147,759	\$ 911,062

6. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions are split equally between the employees and the Authority.

The Authority's share of contributions to OMERS for 2022 was \$53,228 (2021 - \$44,173) for current service costs.

The OMERS plan has a reported \$6.7 billion going concern actuarial deficit at the end of 2022 (2021 - \$3.1 billion), and \$130.3 billion of going concern actuarial liabilities at the end of 2022 (2021 - \$120.8 billion).

7. RELATED PARTY TRANSACTIONS

Transactions between related parties for the year and the balances receivable or payable at year end are as follows:

	2022	2021
Municipal levies	\$ 745,087	\$ 683,855
Operating agreement revenue	8,760	8,479
Miscellaneous revenue	12,500	-
Property tax expense	9,705	9,587
Receivables from municipalities	17,701	-

THE CROWE VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

7. RELATED PARTY TRANSACTIONS (continued)

The Authority controls The Crowe Valley Conservation Foundation. The Foundation is incorporated as a public foundation and is a registered charity under the Income Tax Act (Canada). It was established to develop and manage a base of capital to provide for operational and capital requirements of the Authority. The Foundation presently has not activity, accordingly there are no balances to consolidate with the Authority.

8. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on January 20, 2022. This includes both the operating budget and the capital budget. The operating budget included \$983,542 of revenue and \$983,542 of expenditures for the current year. The capital budget included \$192,587 of revenue with projected capital expenditures of \$242,587 for the current year for a deficit of \$50,000. The Authority does not budget for amortization.