

February 12, 2026

Board of Directors  
The Crowe Valley Conservation Authority  
70 Hughes Lane  
Marmora, Ontario  
K0K 2M0

Dear Board of Directors:

As auditors of **The Crowe Valley Conservation Authority** we are required to communicate important matters concerning our audit to those charged with governance of the organization. Canadian generally accepted auditing standards define “those charged with governance” as the person or persons with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. In the case of **The Crowe Valley Conservation Authority** this responsibility rests with the organization’s Board.

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When governance duties related to the audit of the financial statements are delegated to a subcommittee of the board or to a specific individual, it is appropriate for the auditor to communicate directly with the subcommittee or the individual. In the case of the Authority, governance duties related to the audit have not been delegated to a subcommittee or to a specific individual, so we will be communicating with the Board as a whole.

Should any major significant matters arise, we will issue a report to the Board at the completion of our audit; otherwise we will discuss verbally with you the results of our audit. We will communicate any other matters directly with the Board should the need arise.

## **Responsibilities in Relation to the Financial Statement Audit**

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

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to the Board of Directors in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards for local governments. This responsibility includes:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

In performing our audit, we will require **The Crowe Valley Conservation Authority's** management to provide us with:

- unrestricted access to individuals within the organization from whom we determine it necessary to obtain audit evidence;
- access to all the information relevant to the preparation of **The Crowe Valley Conservation Authority's** financial statements; and
- any additional information that we may request from management for purposes of the audit.

## Risk Based Approach

At Welch LLP, we use a risk based audit approach. In applying our approach, we focus our efforts on account balances and transaction flows that we feel are more likely to result in a material misstatement to the financial statements. Specific areas we intend to focus on and our related approach are outlined in the table below:

<b>Area of focus/significant risks</b>	<b>Audit approach/response</b>
Revenue recognition of funding from senior governments and other organizations related to specific expenditures.	We will perform high level of detailed tests of transactions on expenditures charged to the programs including assessing if they qualify under the terms of the program and have been incurred in the funding period.
Fees revenue	We will perform tests on fees revenue to ensure they meet the revenue recognition standards in Canadian Public Sector Accounting Board standards for performance related revenues.
Payroll	We will perform detailed tests on payroll expenditures including that appropriate accruals have been made for vacation pay and accumulated overtime based on Authority policies

## Materiality

With respect to materiality, we follow the guidance provided by Canadian Auditing Standard 320 – “Materiality in Planning and Performing an Audit” (CAS 320). Accordingly, when we establish our overall audit strategy, we are required to establish an overall materiality figure for the financial statements as a whole and, if specific circumstances dictate, establish a separate materiality for a particular account balance, class of transaction or disclosure.

Based on our understanding of the entity, the users of the financial statements and the guidance outlined in CAS 320 we have established overall materiality at three percent of revenue. This level of materiality will apply to all account balances, classes of transaction and disclosures.

## Timing of the Audit

Based on our discussions to date with management we anticipate following the following schedule for completion of the 2025 audit:

Stage of the audit/deliverable	Date
Planning	February 2026
Year-end fieldwork	mid March 2026
Draft financial statements	April 9, 2026
Board of Directors meeting	April 16, 2026
Final financial statements due	April 23, 2026

## Audit Team

The key members of the audit team for 2025 are shown in the table below:

Name	Responsibility
Daniel Coleman, CPA, CA Engagement Partner dcoleman@welch.on.ca 613-392-1287	Responsible for the overall delivery of the audit including the review of the audit work completed by the audit team, quality of outputs, signing the auditors' report, and communicating with the General Manager and Secretary-Treasurer and the Board of Directors.
Doug Churcher, CPA, CA Reviewing Partner dchurcher@welch.on.ca 613-966-2844	Responsible for reviewing the work completed by our engagement team to ensure it meets both our professional and Firm standards.
John Brocklehurst Audit Senior jbrocklehurst@welch.on.ca 613-392-1287	Responsible for coordinating and delivering the different elements of the audit work. Main point of contact for the organization's finance team.

## **Independence**

We have assessed our independence and are not aware of any relationships between the Authority and us that may reasonably be thought to bear on our independence. As a result, as of the date of this audit planning communication, we confirm that in our professional judgment, we are independent accountants with respect to the organization, within the meaning of the rules of professional conduct of our provincial institute.

## **Reporting matters to those charged with governance**

Canadian Auditing Standard (CAS) 260 requires auditors to report audit matters to those charged with governance which as explained earlier, will be the organization's Board of Directors in **The Crowe Valley Conservation Authority's** case. This information should be considered by the Committee reviewing and approving the accounts. We will provide this information to the organization's Board of Directors upon substantial completion of our audit and the information communicated will include the following matters if any were identified:

- details of any unadjusted misstatements in the organizations accounts, along with reasons why the adjustments have not been made;
- details of any significant deficiencies in the accounting and internal control system;
- details with respect to any significant difficulties encountered during the audit.

Should you wish to discuss the contents of this letter please feel free to contact us.

Yours truly,

**Welch LLP**



DANIEL J.W. COLEMAN, CPA, CA  
Partner