

REPORT TO THE BOARD OF DIRECTORS

OF

THE CROWE VALLEY CONSERVATION AUTHORITY

For the year ended December 31, 2024

Prepared by:
Daniel J.W. Coleman, CPA, CA
Partner
April 10, 2025

AUDIT STATUS

Our audit of the financial statements of The Crowe Valley Conservation Authority for the year ended December 31, 2024 is substantially complete and we expect to release our auditor's report after the following outstanding matters are completed:

- Receipt of the signed management representation letter
- Approval of the financial statements by the Board of Directors
- Final subsequent review up to the date of approval of the financial statements

If any significant matters arise between the date of this report and the signing of our audit report we will raise them with you. The following paragraphs provide information we are required to communicate with you in accordance with Canadian auditing standards.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided in the financial statements.

There are no matters with respect to the qualitative aspects of accounting practices that we wish to draw to your attention in relation to the financial statements for the 2024 fiscal year.

MANAGEMENT REPRESENTATIONS

We are required to obtain written representations from management as an acknowledgement of their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. We have provided a draft of the letter of representation as an attachment to this letter. The General Manager has committed to provide us with a signed copy of the letter on a date to coincide with the date of our auditor's report.

MISSTATEMENTS

The corrected misstatements identified during our audit are included as an attachment to the draft management representation letter. Management made all the corrections we proposed and as a result there are no unadjusted errors to report to you.

We draw your attention to journal entry (and note 11 to the draft financial statements). During the course our audit, we determined, in discussion with management, that the methodology previously used to recognize revenue from technical services provided by the Authority to the regional Source Water Program was not appropriate. The five member Authorities who comprise the Trent Conservation Coalition are allocated funding out of the Regional Source Water provincial funding under a Memorandum of Agreement between the 5 Authorities. A new agreement was entered into for the period from April 1, 2024 to March 31, 2027 with the previous agreement being from April 1, 2022 to March 31, 2024. Previously, the revenue was being recognized by the Authority based on expenditures incurred each year. However, the funding is not conditional on incurring expenditures but rather completing the required work and reports. Additionally, there is a provision in the agreement for funding for overhead, insurance and management and administration for the program but the Authority only records direct costs of this program to the source water department (wages and benefits of the technical lead and travel costs). From a review, it was determined that the appropriate method to recognize the revenue based on the approved funding for each funding year (April to March) on a monthly straight-line basis. This resulted in a significant upward adjustment to prior year opening accumulated surplus plus an increase to prior year revenue as disclosed in note 11 to the financial statements.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

During our audit we did not identify any significant deficiencies in internal control to report to the Board.

INDEPENDENCE

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between The Crowe Valley Conservation Authority and us that, in our professional judgment, may reasonably be thought to bear on our independence.

No matters have been identified that would reasonably be thought to bear on our independence. As a result, we confirm that we are independent.

FINANCIAL STATEMENT PRESENTATION

1. Significant Accounting Policies

During the year there were no new accounting policies or changes to existing accounting policies.

OTHER MATTERS ARISING FROM THE AUDIT

During the course of our audit we received the full co-operation of management and did not encounter any difficulties during our audit. There were no limitations on the scope of our audit work and we did not have any disagreements with management.

MATTERS TO BE COMMUNICATED

Canadian Auditing Standards require us to communicate to you the following:

- Significant matters identified during the audit in connection with the Authority's related parties;
- Whether we encountered other transactions that were unusual or not in the normal course of business;
- Details of any frauds that we identified or information that indicates that a fraud may exist;
- Conditions identified that may cast significant doubt on the Authority's ability to continue as a going concern; and
- Non-compliance with laws or regulations that come to the auditor's attention during the course of the audit.

We did not encounter any such matters during the course of our audit.

ACKNOWLEDGEMENTS

During the course of our audit, we received considerable assistance from the organization's staff and management. We would like to take this opportunity to thank them for their efforts and for their constructive approach to the audit.

Date to be determined

Welch LLP
67 Ontario Street
Trenton, ON
K8V 2G8

Dear Sirs/Madams:

We are providing this letter in connection with your audit of the financial statements of **The Crowe Valley Conservation Authority** (the Authority) for the year ended December 31, 2024, 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 acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated March 9, 2023, for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards.
2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Information Provided

1. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - (b) Additional information that you have requested from us for the purpose of the audit; and
 - (c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. 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 assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - (a) Management;
 - (b) Employees who have significant roles in internal control; or
 - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.
6. 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.

7. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Notes and Accounts Receivable

1. Notes and accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to services provided after year end. Adequate provision has been made for losses which may be sustained in the collection of receivables.

Capital Assets

1. All charges to tangible capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the Authority during the year.
2. All tangible capital assets sold or dismantled have been properly accounted for in the books of the Authority.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous period.
4. The Authority has good title to the properties represented by the balance carried in the capital asset accounts, and there are no liens, mortgages or other charges against any of the tangible capital assets shown on the books of the Authority.
5. Where the value of any tangible capital assets has been impaired, this fact has been disclosed to you.

Environmental Matters

1. There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor.
2. Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.
3. We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.
4. All commitments related to environmental matters have been measured and disclosed, as appropriate, in the financial statements.

Asset Retirement Obligations

1. All legal obligations associated with the retirement of tangible capital assets have been identified and accurately recorded in the financial records of the Authority.
2. The obligations were recognized using management's best estimate of fair value.

Liabilities and Commitments

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the Authority are included and fairly stated on the statement of financial position.
2. At the year-end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute).
3. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year-end, the Authority had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the Authority.
5. All claims outstanding against the Authority or possible claims have been disclosed to you and, where appropriate, reflected in the financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the Authority or its reputation or give rise to a claim or claims against the Authority. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

Statement of Operations

1. All of the revenues of the Authority for the year has been recorded in the books of account and disclosed in the financial statements.
2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

Restrictions

1. All restrictions on the use of the Authority's funds or assets, as well as all requirements or conditions imposed by third parties, have been brought to your attention and are appropriately disclosed in the financial statements. The Authority complied with all restrictions, requirements or conditions which, in the event of non-compliance could have a significant effect on the financial statements.
2. All assets subject to a lien, pledged or assigned as security or guarantee for liabilities were brought to your attention and are appropriately disclosed in the financial statements.

Corporate Minutes

The minute books of the Authority contain an accurate record of all of the business transacted at meetings of directors and committees of directors up to the date of this letter.

Controlled and Related Entities

1. All subsidiaries and controlled not-for-profit organizations have been accurately reflected in the financial statements.

Related Party Transactions

1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
2. There have been no exchanges of goods or services with any related parties for which appropriate accounting recognition and financial statement disclosure has not been given.

Recognition, Measurement and Disclosure

1. 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.
2. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
3. 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.

4. The Authority did not undertake any material non-monetary transactions or transactions for no consideration during the financial reporting period under consideration.

Going Concern

We confirm that we have assessed the Authority's ability to continue as a going concern, taking into account all information which is at least twelve months from the year-end date, and we conclude that the Authority is able to continue as a going concern for the foreseeable future.

Other Information

Other information consists of financial or non-financial information (other than financial statements and the auditor's report thereon) included in an entity's annual report. An annual report is a document, or combination of documents, prepared typically on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners or stakeholders with information on the Authority's operations and the Authority's financial results and financial position as set out in the financial statements.

1. We do not expect to issue any documents that may comprise "other information".

General

1. We are unaware of any frauds or possible frauds having been committed by the Authority, its employees or any of its directors and officers and 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.
2. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.

6. In the course of your audit of our financial statements for the year ended December 31, 2024, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our Authority.

Events Subsequent to the Year-end

All events subsequent to the date of these financial statements and for which Canadian public sector accounting standards require adjustment or disclosures have been adjusted or disclosed.

Yours very truly,

THE CROWE VALLEY CONSERVATION AUTHORITY

Per _____
Tim Pidduck
General Manager & Secretary-Treasurer

The Crowe Valley Conservation Authority

Year End: December 31, 2024

Adjustments

Rev. 10/10/01

Date: 1/1/2024 To 12/31/2024

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	12/31/2024	Accounts receivable	1150 0			5,665.00		
1	12/31/2024	Accounts receivable - other	1155 0		5,665.00			
To post missing adjusting journal entry number 1 from the prior year. Will need to post entry thorough accounts receivable module.							Recurring	
2	12/31/2024	Accounts receivable - other	1155 0	C3		27,399.63		
2	12/31/2024	Provincial Grant - other	4015 GEN	C3	46,375.79			
2	12/31/2024	Consolidated Hydro Plant Revenue	4280 HP	C3	27,277.17			
2	12/31/2024	Consolidated Hydro Plant Revenue	4280 HP	C3		43,973.33		
2	12/31/2024	Planning - YE Outstanding Fees	4599 GR	C3		2,280.00		
To record funding received that relate to 2023 expenditures on FHIMP and Hydro Plant, and record 2024 receivables.							Recurring	
3	12/31/2024	Accrued liabilities	2140 0	BB1		800.00		
3	12/31/2024	Audit Fees	5010 ADMIN	BB1	800.00			
To adjust audit accrual.							Recurring	
4	12/31/2024	Accrued liabilities	2140 0	BB1-1	18,688.37			
4	12/31/2024	Wages	5410 ADMIN	BB1-1		5,954.58		
4	12/31/2024	Wages	5410 CLD	BB1-1		288.45		
4	12/31/2024	Wages	5410 GR	BB1-1		5,383.17		
4	12/31/2024	Wages	5410 HP	BB1-1		692.83		
4	12/31/2024	Wages	5410 OPS	BB1-1		5,336.79		
4	12/31/2024	Wages	5410 SWP	BB1-1		1,032.55		
To record accrued payroll.							Recurring	
5	12/31/2024	Accrued liabilities	2140 0	BB1-3		6,529.10		
5	12/31/2024	Wages	5410 ADMIN	BB1-3	4,075.28			
5	12/31/2024	Wages	5410 GR	BB1-3		132.95		
5	12/31/2024	Wages	5410 OPS	BB1-3	3,584.91			
5	12/31/2024	Wages	5410 RLD	BB1-3		355.67		
5	12/31/2024	Wages	5410 SWP	BB1-3		642.47		
To record change in vacation and overtime accrual.							Recurring	
6	12/31/2024	Automotive equipment	1670 0	K2	33,134.45			
6	12/31/2024	Computer hardware and software	1680 0	K2	4,358.86			
6	12/31/2024	Shop Supplies Operations	5092 OPS	K2	508.79			
6	12/31/2024	Operations Capital Expense	5220 OPS	K2		43,670.64		
6	12/31/2024	Repairs and Maintenance	5550 OPS	K2	5,668.54			
To adjust capital purchases.							Recurring	
7	12/31/2024	Land improvements - A/A	1645 0	K1		1,029.29		
7	12/31/2024	Buildings - A/A	1655 0	K1		5,867.00		
7	12/31/2024	Furniture, tools and equipment -A/A	1665 0	K1		4,476.28		
7	12/31/2024	Automotive equipment - A/A	1675 0	K1		7,508.61		
7	12/31/2024	Computer hardware/software-A/A	1685 0	K1		1,559.16		
7	12/31/2024	Infrastructure - A/A	1695 0	K1		15,713.00		
7	12/31/2024	Amortization	5900 0	K1	36,153.34			
To record amortization.							Recurring	
8	12/31/2024	Accounts receivable - other	1155 0	HH1		10,921.54		
8	12/31/2024	Deferred Revenue	2600 0	HH1		1,875.95		
8	12/31/2024	Deferred Revenue	2600 0	HH1	12,250.00			
8	12/31/2024	Deferred Revenue	2600 0	HH1		2,000.00		
8	12/31/2024	Source Water Protection	4160 SWP	HH1	1,875.95			

Prepared by	Reviewed by	First Partner	Second Partner
TN 3/12/2025		DJWC 4/8/2025	

WS1

The Crowe Valley Conservation Authority

Year End: December 31, 2024

Adjustments

Rev. 10/10/01

Date: 1/1/2024 To 12/31/2024

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
8	12/31/2024	Source Water Protection	4160 SWP	HH1	10,921.54			
8	12/31/2024	Rent Revenue	4200 MC	HH1		1,600.00		
8	12/31/2024	Cottage Security Deposit	4210 MC	HH1		400.00		
8	12/31/2024	MNR Funding	4240 OPS	HH1		12,250.00		
To adjust deferred revenue and reverse prior receivable re SWP							Recurring	
9	12/31/2024	Deferred Contributions - Callaghans	2610 0	HH2		2,434.62		
9	12/31/2024	Foundation Donations	4300 LANDS	HH2	2,434.62			
To adjust Callaghan's Rapids deferred contributions								
10	12/31/2024	Prepaid expense	1170 0	E1	2,534.77			
10	12/31/2024	Computer Software	5095 ADMIN	E1		1,652.00		
10	12/31/2024	Computer Software	5095 OPS	E1		882.77		
To record prepaid portion of Sage 50 license and Kisters subscription.								
11	12/31/2024	Accounts receivable	1150 0		16,978.43			
11	12/31/2024	Source Water Protection	4160 SWP			16,978.43		
To record Q4 SPA invoice receivable. Amanda to reverse subsequent to year end.								
12	12/31/2024	Accounts receivable - other	1155 0		10,921.54			
12	12/31/2024	Deferred Revenue	2600 0		80,193.43			
12	12/31/2024	General surplus	3350 SWP			91,114.97		
To record prior period adjsutmetn for restatement of SWP deferred revenue								
					326,400.78	326,400.78		

Net Income (Loss) 51,109.24

Prepared by	Reviewed by	First Partner	Second Partner
TN 3/12/2025		DJWC 4/8/2025	