

REPORT TO THE BOARD OF DIRECTORS

OF

THE CROWE VALLEY CONSERVATION AUTHORITY

For the year ended December 31, 2023

Prepared by:
Daniel J.W. Coleman, CPA, CA
Partner
April 11, 2024

AUDIT STATUS

Our audit of the financial statements of The Crowe Valley Conservation Authority for the year ended December 31, 2023 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 2023 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.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

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

However, we identified some areas where there was room for improvement in procedures and internal controls and these have been included in a report to management. We have not provided a comprehensive statement of all weaknesses which may exist in internal control or all improvements which can be made, but have addressed only those matters which have come to our attention as a result of audit procedures we have performed.

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

The Authority's significant accounting policies are disclosed in the notes to the financial statements. During the year the Authority adopted the following new accounting policies as required under Public Sector Accounting Standards.

a. PS3450 Financial Instruments

Financial Instruments establishes recognition, measurement and disclosure requirement for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the entity. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is a requirement disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. Due to the nature of the financial instruments held by the Authority, there were no changes with respect to recognition and measurement as the Authority does not have derivative instruments or instruments quoted in an active market and elected to measure all of its financial instruments at amortized cost after initial recognition. As there was no fair value measurement after initial recognition, there was no need for a statement of remeasurement gains and losses. However, more detailed note disclosure was required related to risks associated with the financial instruments in note 5 to the financial statements.

b. PS2601 Foreign Currency Translation

Foreign currency translation requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities. denominated in foreign currency and non-monetary items included in the fair value category. Unrealized gains/losses are to be presented in the statement of remeasurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the instrument. Adoption of this standard had no impact to the Authority's financial statements as it does not have financial instruments denominated in foreign currencies.

c. PS3041 Portfolio Investments

Portfolio Investments has removed the distinction between temporary and portfolio investments. This section was amended to conform to Financial Instruments and now included pooled investments in its scope. As the entity has no investments, there was no applicability to the Authority.

d. PS3280 Asset Retirement Obligations

Asset retirement obligations establishes recognition, measurement and disclosure requirements for legal obligations associated with the retirement of a tangible capital assets. the standard requires the Authority to record a liability when a legal obligation associated with the retirement of a tangible capital asset exists. The costs associated with the asset retirement increases the carrying amount of the related tangible capital asset and would be expensed in a rational and systematic manner. Management reviewed its tangible capital assets and determined that it has no asset retirement obligations.

No other new policies or significant changes to existing policies were required to comply with new or amended standards implemented by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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.

REVISED CANADIAN ACCOUNTING STANDARD

Standards effective for years beginning on or after April 1, 2023

Revenue

Revenue ("PS3400") has been issued establishing standards with delineates revenue as either exchange transactions or unilateral transactions and the appropriate revenue recognition timing under each type. Exchange transactions are present where the transactions give rise to one or more performance obligations on the part of the recipient. If no performance obligations are present, it would be described as unilateral. This standard may have an impact on the entity for its 2024 fiscal year. While government transfers are scoped out of this section, other revenues will need to be classified between exchange or unilateral transactions based on the Authority's performance obligations associated with the transaction.

Purchased Intangibles

Purchased intangibles (PSG-8) is not a full Handbook Section that provides in depth guidance on the accounting for purchased Intangibles. When accounting for purchased intangibles an entity would consider other hand book sections when determining how to account for purchased intangibles.

Public Private Partnerships

Public Private Partnerships ("PS3160") is an area where standards have been asked for for some time. Until now, it would have been common to use the "GAAP Hierarchy" and account for P3s using IPSAS 32 Service Concession Arrangements. As a result, PSAB has developed a new standard to address these transactions. The new PSAB standard actually has many similarities to IPSAS 32. Public private partnerships (P3's) are an alternative finance and procurement model available to public sector entities to design, build, acquire, or better infrastructure using a private sector partner. Examples include bridges, highways and hospitals. The impact on statement of financial position would be recognition of an asset and recognition of a liability either based on future payments, future performance obligations or both. The impact on the statement of operations and accumulated surplus would be amortization of an asset, interest expense, revenue and maintenance and operating costs. This standard does not apply to arrangements where a private sector partner operates and maintains infrastructure but it is not necessary for the private sector partner to design, build, acquire, better or finance public infrastructure. This standard most likely will not impact the Authority significantly unless in the future it entered into an arrangement with a private sector entity to procure infrastructure requiring the private sector entity to design, build, acquire or better new or existing infrastructure, finance the transaction past the point where the infrastructure is ready to use, and operate and/or maintain the infrastructure.

Standards effective for years beginning on or after April 1, 2026

The Conceptual Framework for Financial Reporting in the Public Sector and Financial Statement Presentation ("PS 1202")

The Public Sector Accounting Board has updated the Conceptual Framework for Financial Reporting in the Public Sector which consequently required a new Financial Statement Presentation Standard. These standards can be early adopted but must be adopted concurrently. The Conceptual Framework replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework includes characteristics of public sector entities, objective of financial reporting, primary users of financial reporting and their expectations, role of financial statements, foundations and objectives of financial statements, qualitative characteristics of information in financial statements and related considerations, definitions of elements, criteria of general recognition and derecognition, and concepts of general measurement and presentation. The new Financial Statement Presentation standard has been issued to have the financial statements conform to the conceptual framework and includes a restructured statement of financial position, a separate statement of net financial assets (liabilities) and a restructured statement of cash flow. These standards will impact the Authority as the financial statements will need to be redesigned to conform to the new standards.

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.

THE CROWE VALLEY CONSERVATION AUTHORITY

70 Hughes Lane
P.O. Box 416
Marmora, Ontario
K0K 2M0

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, 2023, 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.

Tangible 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.

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, 2023, 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

Draft for discussion purposes only

The Crowe Valley Conservation Authority

Year End: December 31, 2023

Adjustments

Rev. 10/10/01

Date: 01-01-23 To 12-31-23

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	12-31-23	Accounts payable - other	2105 0	JJ	600.00			
1	12-31-23	General surplus	3350 OPERATIONS	JJ		600.00		
1	12-31-23	General surplus	3350 OPERATIONS	JJ		189.37		
1	12-31-23	Uniforms	5720 OPERATIONS	JJ	189.37			
To agree opening retained earnings to prior year closing. (Close YE Auditor JE 8 not recorded and record J2356 recorded after backup provided to auditor)								
2	12-31-23	Accounts receivable	1150 0	C1		5,665.00		
2	12-31-23	Accounts receivable - other	1155 0	C1	5,665.00			
To correct recording of YE Auditor adjustment 7.								
3	12-31-23	Deferred Revenue	2600 0	E1		12,250.00		
3	12-31-23	MNR Funding	4240 OPERATIONS	E1	12,250.00			
To defer 2023-24 WECL funding received as had not spent any of funds at year end							Recurring	
4	12-31-23	Accounts receivable - other	1155 0	C3		8,000.00		
4	12-31-23	MNR Funding	4240 OPERATIONS	C3	8,000.00			
To reallocate 2022-2023 WECL funding receivable received.								
5	12-31-23	Accrued liabilities	2140 0	BB1-3		23,860.73		
5	12-31-23	Wages	5410 ADMINISTRATION	BB1-3	2,343.58			
5	12-31-23	Wages	5410 GR	BB1-3	773.82			
5	12-31-23	Wages	5410 OPERATIONS	BB1-3	20,230.05			
5	12-31-23	Wages	5410 RLD	BB1-3	2,790.73			
5	12-31-23	Wages	5410 SWP	BB1-3		2,277.45		
To adjust allocation of accrued vacation and overtime.								
6	12-31-23	Land improvements	1640 0	K2	5,419.77			
6	12-31-23	Furniture, tools and equipment	1660 0	K2	15,078.08			
6	12-31-23	Automotive equipment	1670 0	K2	15,467.61			
6	12-31-23	Computer hardware and software	1680 0	K2	4,884.49			
6	12-31-23	Computer capital expense	5210 0	K2		4,884.49		
6	12-31-23	Operations Capital Expense	5220 OPERATIONS	K2		15,467.61		
6	12-31-23	Repairs and Maintenance	5550 MC	K2		5,419.77		
6	12-31-23	Dam Operations	5680 OPERATIONS	K2		15,078.08		
To capitalize capital purchases.							Recurring	
7	12-31-23	Land improvements - A/A	1645 0	K1		848.65		
7	12-31-23	Buildings - A/A	1655 0	K1		5,867.00		
7	12-31-23	Furniture, tools and equipment -A/A	1665 0	K1		4,099.34		
7	12-31-23	Automotive equipment - A/A	1675 0	K1		7,509.00		
7	12-31-23	Computer hardware/software-A/A	1685 0	K1		561.64		
7	12-31-23	Infrastructure - A/A	1695 0	K1		15,713.00		
7	12-31-23	Amortization	5900 0	K1	34,598.63			
To record amortization.							Recurring	
8	12-31-23	Accrued liabilities	2140 0	BB1		1,200.00		
8	12-31-23	Audit Fees	5010 ADMINISTRATION	BB1	1,200.00			
To adjust accounting fee accrual.								
9	12-31-23	Deferred Revenue	2600 0	HH1	19,933.60			
9	12-31-23	Deferred Revenue	2600 0	HH1	1,459.00			

Prepared by	Reviewed by	Partner	Second Partner
TN 04-03-24		DJWC 04-10-24	

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The Crowe Valley Conservation Authority

Year End: December 31, 2023

Adjustments

Rev. 10/10/01

Date: 01-01-23 To 12-31-23

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
9	12-31-23	Deferred Revenue	2600 0	HH1		400.00		
9	12-31-23	Source Water Protection	4160 SWP	HH1		19,933.60		
9	12-31-23	Cottage security deposit	4210 MC	HH1	400.00			
9	12-31-23	MNR Funding	4240 KLD	HH1		1,459.00		
		To adjust deferred revenue						Recurring
10	12-31-23	Deferred Revenue	2600 0	PL27		1,600.00		
10	12-31-23	McGeachie Conservation	4200 MC	PL27	1,600.00			
		To defer cottage rent received in 2023 related to January, 2024.						
11	12-31-23	HST rebate - federal portion	1162 0	BB1-2	210.99			
11	12-31-23	HST rebate - Provincial portion	1164 0	BB1-2	263.34			
11	12-31-23	Accounts payable	2100 0	BB1-2		4,768.88		
11	12-31-23	Legal Fees	5030 GR	BB1-2	4,294.55			
		Per discussion with Amanda, record Gardner Roberts invoice 362055 payable for services rendered in December/23. Amanda to reverse entry made in 2024.						
12	12-31-23	Accounts receivable - other	1155 0	PL24	7,827.15			
12	12-31-23	Consolidated Hydro Plant Revenue	4280 HP	PL24		7,827.15		
		To adjust accrued profit sharing receivable.						
13	12-31-23	HST rebate - federal portion	1162 0	BB1-2	155.94			
13	12-31-23	HST rebate - Provincial portion	1164 0	BB1-2	194.64			
13	12-31-23	Computer hardware and software	1680 0	BB1-2	3,174.13			
13	12-31-23	Accounts payable	2100 0	BB1-2		3,524.71		
		To capitalize MNRF invoice 360501241018018 regarding ortho imagery 2023 - Invoice #1. Amanda to reverse entry recorded in 2024.						
14	12-31-23	Accounts receivable - other	1155 0		2,234.00			
14	12-31-23	MNR Funding	4240 KLD			2,234.00		
		To accrue Oct-Dec 2023 revenue on Oct 2023 to Sept 2025 dam management for Province						
15	12-31-23	Accounts receivable - other	1155 0		46,375.79			
15	12-31-23	Provincial Grant - other	4015 0			46,375.79		
		To record funding to be received related to 2023 expenditures on FHIMP						
16	12-31-23	Automotive equipment	1670 0			38,476.75		
16	12-31-23	Automotive equipment - A/A	1675 0		38,476.75			
		To write off old fully amortized auto equipment no longer in service						
17	12-31-23	Deferred Revenue	2600 0		5,691.08			
17	12-31-23	Misc. Revenue	4550 OPERATIONS			5,691.08		
		To remove old amounts re Cattail and Low Wter Resposne Team sitting in deferred revenue						
18	12-31-23	Staff coffee fund	1080 0			37.32		
18	12-31-23	Accounts payable - other	2105 0		1,174.10			
18	12-31-23	R.R.S.P. payable	2340 0		640.56			
18	12-31-23	OMERS payable	2345 0		161.36			
18	12-31-23	Misc. Revenue	4550 OPERATIONS			1,938.70		

Prepared by	Reviewed by	Partner	Second Partner
TN 04-03-24		DJWC 04-10-24	

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The Crowe Valley Conservation Authority

Year End: December 31, 2023

Adjustments

Rev. 10/10/01

Date: 01-01-23 To 12-31-23

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
To clear old miscellaneous payable balances								
19	12-31-23	Deferred contributions - Callaghan Rapids	2610 0			11,748.39		
19	12-31-23	Foundation Donations	4300 LANDS		5,673.75			
19	12-31-23	Foundation Donations	4300 LANDS			3,290.69		
19	12-31-23	Adjustment for prior year deferred contribution	4998 LANDS		9,365.33			
To establish deferred contribution re Callaghan rapids donations unseprated at end of year and to recognize into revenue in current year amount spent in year with prior year balance as one time adjustment provision.								
					278,797.19	278,797.19		
Net Income (Loss)			9,988.52					

Prepared by	Reviewed by	Partner	Second Partner
TN 04-03-24		DJWC 04-10-24	