

Financial Statements of

**THE CROWE VALLEY
CONSERVATION AUTHORITY**

December 31, 2020

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Independent Auditor's Report

To the Board of Directors of
The Crowe Valley Conservation Authority

Opinion

We have audited the financial statements of The Crowe Valley Conservation Authority ("the Authority"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets 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 Crowe Valley Conservation Authority as at December 31, 2020, and the results of its financial performance 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.

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

Management is responsible for the preparation and fair presentation of these 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 a 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 to do so.

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

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.

Peterborough, Canada
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

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	1,052,144	847,360
Accounts receivable	76,196	35,704
	<u>1,128,340</u>	<u>883,064</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 5)	67,778	65,114
Deferred revenue	62,922	69,582
	<u>130,700</u>	<u>134,696</u>
NET FINANCIAL ASSETS	<u>997,640</u>	<u>748,368</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	8,950	8,950
Tangible capital assets (note 4)	305,506	337,562
	<u>314,456</u>	<u>346,512</u>
ACCUMULATED SURPLUS (note 8)	<u>1,312,096</u>	<u>1,094,880</u>

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF OPERATIONS

Year Ended December 31

	Budget 2020 (Note 11) \$	Actual 2020 \$	Actual 2019 \$
REVENUES			
Ministry of Environment, Conservation and Parks			
Operating	60,267	60,267	45,200
Other projects	17,500	15,731	49,590
Municipal levies	640,225	673,318	615,666
Authority generated regulation administration fees	126,601	154,315	152,925
Operating agreements	37,850	40,125	40,596
Hydro project	9,000	28,852	45,726
Source Water Protection project	48,097	39,674	43,284
Monitoring projects	8,425	-	7,527
Miscellaneous revenues	10,640	15,355	22,696
Interest earned	5,000	5,938	9,085
Grants and donations	2,500	4,999	5,999
	<u>966,105</u>	<u>1,038,574</u>	<u>1,038,294</u>
EXPENDITURE			
Program administration and operation (schedule)	793,383	670,943	731,018
Capital projects (schedule)	23,500	-	1,506
Other projects (schedule)	149,222	118,359	193,358
Amortization of tangible capital assets	32,000	32,056	43,996
	<u>998,105</u>	<u>821,358</u>	<u>969,878</u>
ANNUAL SURPLUS FOR THE YEAR	(32,000)	217,216	68,416
ACCUMULATED SURPLUS - beginning of year		1,094,880	1,026,464
Annual surplus for the year		217,216	68,416
ACCUMULATED SURPLUS - end of year		<u>1,312,096</u>	<u>1,094,880</u>

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CASH FLOWS

Year Ended December 31

	2020	2019
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Annual surplus for the year	217,216	68,416
Add amortization, an item not involving cash	32,056	43,996
	249,272	112,412
Changes in non-cash working capital items:		
Accounts receivable	(40,492)	55,310
Accounts payable and accrued liabilities	2,664	(14,897)
Deferred revenue	(6,660)	(35,832)
INCREASE IN CASH DURING THE YEAR	204,784	116,993
CASH POSITION - beginning of year	847,360	730,367
CASH POSITION - end of year	1,052,144	847,360

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year Ended December 31

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Annual (deficit) surplus for the year	(32,000)	217,216	68,416
Amortization of tangible capital assets	32,000	32,056	43,996
Change in net financial assets	-	249,272	112,412
NET FINANCIAL ASSETS - beginning of year	748,368	748,368	635,956
NET FINANCIAL ASSETS - end of year	748,368	997,640	748,368

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

1. PURPOSE OF THE ORGANIZATION

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are the responsibility of and are prepared by management in accordance with Canadian Public Sector Accounting Standards ('PSAS'). The significant accounting policies adopted by the Authority are as follows:

(a) *Accrual accounting*

These statements reflect the incorporation of the full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and event occur, regardless of whether there has been a receipt of payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation or condition(s) underlying the liability is partially or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the assets is partially or wholly used or lost.

(b) *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 financial statements as revenues in the period in which the event giving rise to the transfer 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 follow the accrual method of accounting for contributions and are recognized as revenue in the year in which the related expenditures are made or the related expenses are incurred.

Administration fees are recognized when the service has been performed.

General donations and other revenues 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 in the fiscal year are recorded as deferred revenue.

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Tangible capital assets*

In accordance with PSAS guidelines, the Authority records tangible capital assets 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 capital 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

(d) *Allocation of expenses and vehicle recoveries*

The Authority allocates vehicles and equipment expenses to various programs by internal charges for usage based upon standard rates.

(e) *Estimates*

The preparation of financial statements in accordance with PSAS accounting standards requires management to make certain estimates and assumptions that affect the reported amount of asset and liabilities and disclosure of contingencies at the date of the financial statements and the reported amount of revenues and expenses 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.

(f) *Reserves*

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

(g) *Pension agreement*

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 Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles.

THE CROWE VALLEY CONSERVATION AUTHORITY

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

3. FINANCIAL ASSETS AND LIABILITIES

(a) *Measurement of financial instruments*

The Authority considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Authority accounts for the following as financial instruments:

- cash
- accounts receivable
- accounts payable

A financial asset or liability is recognized when the Authority becomes a party to a contractual provision of the instrument.

The Authority initially measures its financial assets and financial liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for cash, which is subsequently measured at fair value.

The Authority removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets or liabilities obtained in related party transactions are measured at the exchange amount.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had not impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

(b) *Risks*

The Authority is exposed to various risks associated with its financial instruments as described below. It is management's opinion that the Authority is not exposed to any significant interest or currency risk. Unless otherwise noted, there has been no change in risk exposure from the prior year.

(i) *Liquidity risk*

Liquidity risk is the risk that the Authority will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Authority's cash requirements.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The maximum exposure to credit risk is the carrying value of accounts receivable. At December 31, 2020, there is no impairment allowance as management believes the amounts are fully collectible.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is not exposed to any significant interest rate risk.

4. TANGIBLE CAPITAL ASSETS

The major categories of tangible capital assets, their cost and related accumulated amortization are classified as follows:

	December 31, 2020							2019	
	Cost			Accumulated Amortization				Net book value \$	Net book value \$
	Opening \$	Net change \$	Ending \$	Opening \$	Disposals \$	Amort'n \$	Ending \$		
Land	56,216	-	56,216	-	-	-	-	56,216	56,216
Land improvements	9,648	-	9,648	9,303	-	345	9,648	-	345
Buildings	290,883	-	290,883	193,343	-	5,865	199,208	91,675	97,538
Furniture, tools and equipment	53,904	-	53,904	53,904	-	-	53,904	-	-
Automotive equipment	119,834	-	119,834	76,987	-	5,960	82,947	36,887	42,847
Computer hardware and software	468,822	-	468,822	462,563	-	4,173	466,736	2,086	6,261
Infrastructure	1,406,926	-	1,406,926	1,272,571	-	15,713	1,288,284	118,642	134,355
	2,406,233	-	2,406,233	2,068,671	-	32,056	2,100,727	305,506	337,562

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts receivable and accounts payable and accrued liabilities are net government remittances payable of \$12,115 (2019 - \$18,068).

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

6. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Contributions are split equally between the employees and the Authority. The Authority's share of contributions for the year was \$29,999 (2019 - \$34,327) and is included as an expenditure on the statement of operations. The most recent audited financial statements completed by OMERS as of December 31, 2020 disclosed net assets available for benefits of \$105,575 million with pension obligations of \$114,207 million, resulting in a deficit of \$8,632 million.

7. RELATED PARTY TRANSACTIONS

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

	2020	2019
	\$	\$
Municipal funding recognized as revenue	673,318	615,666
Project funding received from Municipality of Highlands East	8,416	8,251
Municipal taxes paid to various municipalities	9,361	8,785
Receivable from Municipality of North Kawartha	-	1,020
Receivable from Municipality of Highlands East	39,905	8,251

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 no activity, accordingly there are no balances to consolidate with the Authority.

THE CROWE VALLEY CONSERVATION AUTHORITY

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

8. ACCUMULATED SURPLUS

The components of accumulated surplus are classified as follows:

	2020	2019
	\$	\$
Reserve funds		
Land operations	12,000	12,000
McGeachie Conservation Area	11,937	11,937
Contingencies	103,813	103,813
Capital	358,744	303,662
Legal	20,500	20,500
	506,994	451,912
Tangible capital assets	305,506	337,562
Operating surplus	499,596	305,406
	1,312,096	1,094,880

9. CONTINGENCIES

The Authority owns a number of water control structures. As such, the Authority has undertaken dam safety assessments on its larger water control structures to meet Provincial Dam Safety Legislation. The assessments have identified deficiencies in safety and infrastructure issues that will require future remediation. Estimated costs of addressing these deficiencies are \$159,500 over the next five years. The Authority's share of these expenditures will vary depending upon contributions from the Province.

10. COMMITMENTS

The Authority has leased the Crowe Bridge Conservation Area to The Corporation of the Municipality of Trent Hills for a period of 10 years ending March 2021. Under the terms of the lease, the Crowe Bridge Conservation Area shall be operated solely as a public park. The annual rent is \$2 per year and Trent Hills has assumed responsibility for the property taxes, insurance, utilities, operating and maintenance costs of the park. The current lease has ended as of March 31, 2021 and discussions regarding renewal of the lease are currently ongoing.

THE CROWE VALLEY CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

11. BUDGET FIGURES

The budget figures are presented for comparison purposes and were approved by the Authority on February 20, 2020. The adopted budget conforms to the Canadian Public Sector Accounting Standards except for the effect of the acquisition of tangible capital assets and transfers to and from reserve funds. A reconciliation of the approved and reported budgets is as follows:

Adopted budget	\$
Budgeted annual surplus for the year	-
Adjustment to adopted budget	
Amortization	32,000
Revised annual budgeted deficit for the year	(\$32,000)

12. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To help protect the health and safety of the public during the COVID-19 pandemic, effective March 17, 2020, the Authority has temporarily closed access to the public to its facilities including its head office. A date for re-opening will be subject to on-going review, but cannot be established at this time. The Authority does not expect any negative financial implications as a result of the pandemic as they receive a substantial portion of their revenues from municipal levies and other government grants.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Authority for future periods.

THE CROWE VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENDITURE - PROGRAM ADMINISTRATION AND OPERATION
Year Ended December 31

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Wages and benefits	409,234	366,262	379,220
Office and administration	53,875	51,116	49,991
Generic regulations	227,031	166,736	206,415
Travel, professional development	2,500	294	1,212
Insurance	33,593	35,243	32,935
Legal fees	5,500	591	5,628
Communications	16,200	15,335	15,075
Utilities	18,000	15,339	16,735
Municipal taxes	6,500	6,860	6,446
Dam operations	16,850	11,649	14,144
Board expenses	4,100	1,518	3,217
	793,383	670,943	731,018

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THE CROWE VALLEY CONSERVATION AUTHORITY

SCHEDULE OF OTHER EXPENDITURE - CAPITAL PROJECTS

Year Ended December 31

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Administration office	23,500	-	1,506

SCHEDULE OF OTHER EXPENDITURE - OTHER PROJECTS

Year Ended December 31

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$
Maintenance and operation of			
McGeachie Conservation Area	10,300	9,881	10,066
The "Gut" Conservation Area	5,100	570	1,452
Operating agreements - MNR and Hydro projects	31,800	30,236	28,932
Source Water Protection project	48,421	39,480	43,284
Water and erosion control infrastructure (WECI)	35,000	27,450	96,164
Monitoring projects	8,101	4,969	6,120
Automotive fuel, maintenance and licences	10,500	6,126	9,986
	149,222	118,712	196,004
Deduct vehicle and other recoveries	-	(353)	(2,646)
	149,222	118,359	193,358