

AUSABLE BAYFIELD CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2023

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Ausable Bayfield Conservation Authority

Opinion

We have audited the accompanying financial statements of Ausable Bayfield Conservation Authority ("the Authority"), which are comprised of the statement of financial position as at December 31, 2023 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 Authority as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 the financial statements in accordance with PSAB, 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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
March 21, 2024

AUSABLE BAYFIELD CONSERVATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
FINANCIAL ASSETS		
Cash	1,430,901	1,448,220
Marketable securities (note 2)	7,183,177	6,843,173
Accounts receivable	585,531	600,013
Due from related party (note 8)	5,534	7,917
	<u>9,205,143</u>	<u>8,899,323</u>
LIABILITIES		
Accounts payable and accrued liabilities	182,493	167,507
Deferred revenue (note 4)	1,198,470	1,322,720
	<u>1,380,963</u>	<u>1,490,227</u>
NET FINANCIAL ASSETS	7,824,180	7,409,096
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 3)	5,646,296	5,536,623
Prepayments	28,998	27,714
ACCUMULATED SURPLUS (note 6)	<u>\$ 13,499,474</u>	<u>\$ 12,973,433</u>

On behalf of the Board:



Ray Chantarel

The accompanying notes are an integral part of this financial statement

AUSABLE BAYFIELD CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Deferred revenue - prior year (note 4)	1,355,612	1,322,720	1,367,944
General levy	1,149,361	1,149,358	1,119,185
Partnership contribution	1,039,196	1,317,679	993,239
User fees	825,211	814,836	763,990
Special levy	336,846	337,747	337,911
Provincial grant	373,313	455,142	476,006
Investment income	25,000	269,376	257,238
Rental	61,969	61,775	62,969
Donations	1,000	186,899	10,931
Miscellaneous	-	-	880
Unrealized gain (loss) on investments	-	259,693	(599,878)
Deferred revenue - current year (note 4)	(769,977)	(1,198,470)	(1,322,720)
	<u>4,397,531</u>	<u>4,976,755</u>	<u>3,467,695</u>
Expenditures (Schedule 1)			
Environmental monitoring	1,806,506	1,792,127	1,672,232
Corporate services	975,290	1,007,270	880,940
Floodplain management	350,628	305,705	359,956
Drinking water source protection	359,705	317,167	294,494
Stewardship	454,989	477,832	402,816
Recreation	275,953	230,955	166,102
Education	172,836	114,136	151,693
Property management	178,584	131,976	111,847
Vehicles and equipment	145,763	73,546	92,132
	<u>4,720,254</u>	<u>4,450,714</u>	<u>4,132,212</u>
Annual surplus (deficit)	(322,723)	526,041	(664,517)
Accumulated surplus, beginning of year	<u>12,973,433</u>	<u>12,973,433</u>	<u>13,637,950</u>
Accumulated surplus, end of year (note 6)	<u>\$ 12,650,710</u>	<u>\$ 13,499,474</u>	<u>\$ 12,973,433</u>

The accompanying notes are an integral part of this financial statement

AUSABLE BAYFIELD CONSERVATION AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2023 Actual	2022 Actual
Annual surplus (deficit)	526,041	(664,517)
Amortization of tangible capital assets	176,173	181,703
Net acquisition of tangible capital assets	(285,846)	(61,317)
Decrease (increase) in inventory and prepaid expenses	(1,284)	(15,007)
Increase (decrease) in net financial assets	415,084	(559,138)
Opening balance	7,409,096	7,968,234
Closing balance	\$ 7,824,180	\$ 7,409,096

The accompanying notes are an integral part of this financial statement

AUSABLE BAYFIELD CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS

For the year ended December 31	2023	2022
Operating activities		
Annual surplus (deficit)	526,041	(664,517)
Amortization expense not requiring cash outlay	173,285	176,173
Unrealized (gain) loss on investments	(259,693)	599,878
Decrease (increase) in accounts receivable	14,482	(224,808)
Decrease (increase) in due to/from related parties	2,383	(7,505)
Increase (decrease) in accounts payable	14,986	(28,496)
Increase (decrease) in deferred revenue	(124,250)	(45,224)
Decrease (increase) in inventory and prepaid expenses	(1,284)	(15,007)
Cash provided by (used for) operating activities	<u>345,950</u>	<u>(209,506)</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(282,958)</u>	<u>(55,787)</u>
Cash provided by (used for) capital activities	<u>(282,958)</u>	<u>(55,787)</u>
Investing activities		
Disposal (purchase) of marketable securities	<u>(80,311)</u>	<u>(134,360)</u>
Cash provided by (used for) investing activities	<u>(80,311)</u>	<u>(134,360)</u>
Increase (decrease) in cash position	(17,319)	(399,653)
Cash (overdraft) beginning of year	<u>1,448,220</u>	<u>1,847,873</u>
Cash (overdraft) end of year	<u>\$ 1,430,901</u>	<u>\$ 1,448,220</u>

The accompanying notes are an integral part of this financial statement

AUSABLE BAYFIELD CONSERVATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

The Ausable Bayfield Conservation Authority ("the Authority") was created through an Order-in-Council that was approved by the Administrator of the Government of the Province of Ontario, dated July 30, 1946, under the authority of the Conservation Authorities Act 1946. The Act sets out that the objects of the Conservation Authority are to establish and undertake, in its area of jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources.

The Ausable Bayfield Conservation Authority, as a non profit organization, is exempt from income taxes under the Income Tax Act of Canada.

1. Accounting policies

The financial statements have been prepared by the management of the Authority in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the Authority are as follows:

a) Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Investments

The marketable securities (consisting of equities, bonds, mutual funds and cash) are recorded at their current market value. Realized and unrealized gains and losses, arising on the recognition of market value, are recorded in the year that they occur.

c) Inventory

Inventory representing items purchased for resale, is expensed to the respective program during the year.

d) Tangible capital assets

Tangible capital assets are recorded at cost. The cost of a contributed asset is considered to be equal to its fair market value at the date of contribution.

The cost of a tangible capital asset is charged directly to the project or program. For items recorded as a capital purchase, an internal charge rate is calculated which is designed to recover all operating costs plus replacement costs. Projects or programs are then assessed by the internal rate which is applied based on usage records for the item involved. On an annual basis, the net revenue and expenses that are reported determine the appropriation to or from the internally restricted surpluses (Note 8).

In addition, the cost of any equipment that was leased from the private sector was allocated to current projects or programs.

1. Accounting policies (continued)

d) Tangible capital assets (continued)

Amortization is provided over the estimated useful lives of the assets. The rates used are as follows:

Category	Amortization Period
Land	not applicable
Land improvements	50 - 75 years
Buildings	50 - 75 years
Linear assets	50 years
Equipment & machinery	10 - 60 years
Furniture	10 - 40 years
Vehicles	8 - 10 years
Information technology	5 - 8 years

e) Contributed capital assets

Contributed capital assets are recognized as assets and revenue at fair value at the time they are received.

f) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for Authority purposes is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of financial activities in the year in which it is used for the specified purpose.

g) Revenue recognition

Government funding including transfers, municipal capital and operating levies, grants, contract services and management fees are recognized in the financial statements when the payments are authorized and all eligibility criteria have been met, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the funding is recorded as deferred revenue and recognized as revenue as the stipulations are met.

Authority generated revenues including property rental income, contract services, admissions and parking, permits, environmental assessments, programs, events, program and event sponsorships, product sales and membership fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have not been performed are recorded as deferred revenue and recognized as revenue when the related services are performed. Unrestricted donations are recorded as revenue in the period they are received or receivable, when a reasonable estimate can be made of the amount involved. Externally restricted donations are deferred and recognized as revenue in the year in which the related expenses are recognized. Donated tangible capital assets are recorded at fair market value, when fair market value can be reasonably estimated.

h) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

i) Accumulated surplus

Appropriations are made from operations to accumulated surplus for future expenditures and contingencies for such amounts as are deemed appropriate, upon approval of the Board of Directors.

1. Accounting policies (continued)

j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Marketable securities

The marketable securities, stated at fair value, consist of the following:

	2023	2022
Cash and equivalents	370,475	444,015
Certificates of Deposit	2,305,501	2,390,462
Fixed Income Mutual Funds	1,269,414	982,522
Equity Mutual Funds	3,237,787	3,026,174
	<u>\$ 7,183,177</u>	<u>\$ 6,843,173</u>

The marketable securities have a cost of \$6,635,607 (2022 : \$6,554,683) at year end.

3. Tangible capital assets

For additional information, see the Schedule of Tangible Capital Assets information on the tangible capital assets of the Authority by major class, as well as for accumulated amortization of the assets controlled.

4. Deferred revenue

Grants and other amounts that are received in advance of directly related expenses are deferred and recognized as revenue when the expenses are incurred. The amounts deferred in the current and prior year are as follows:

	2023	2022
Project grants	906,729	850,540
Part IV Enforcement	75,543	87,299
Special levy	129,749	73,601
Drinking Water Source Protection	-	120,595
Donations	-	15,000
User fees	86,449	175,685
	<u>\$ 1,198,470</u>	<u>\$ 1,322,720</u>

5. Accumulated surplus

The accumulated surplus has been segregated into the following respective categories and are all internally restricted by either management or the Board of Directors.

The respective funds and the utilization of the said funds are described as follows:

- Property Management - Forest management, conservation area maintenance and capital improvements.
- Flood and Erosion Control Major Maintenance - To offset the costs of the dam erosions and control structure repairs.
- Vehicles and Equipment - Purchase of the fleet's vehicles, a tractor and other work machinery as well as computers, scientific equipment and monitoring stations.
- Barrier Free Trails - Capital purchases, or improvements to create barrier free trails on conservation lands or lands where a partnership exists.
- Outdoor Education - Staff's time and capital items that support education programs.
- Administration IT - Information technology improvements to the Morrison Dam office and buildings.
- Stewardship Endowment - Securement of property, implementation and maintenance of stewardship practices. Additional funds were transferred in 2014, the majority of which related to the capital gain realized on the sale of properties during the year.
- Administration Building - Capital improvements to the Morrison Dam office and buildings.
- Operating Reserve - Internally restricted surpluses, relating to specific departments, to be used for future expenditures.

For additional information, see the Schedule of Continuity of Accumulated Surplus.

6. Lessor commitment

The Authority has a lease contract with Great Canadian Hideaway Inc. for approximately 230 acres of land at the Parkhill Campground. The lease term expires in 2038. Basic rental revenue over the subsequent years is follows:

	2023
2024	\$ 19,300
2025	19,680
2026	20,080
2027	20,480
2028	20,890
Thereafter (2029 - 2038)	<u>233,315</u>
	<u>\$ 333,745</u>

In addition to the rental revenue noted above, the Authority includes in its rental revenue the appropriate annual costs for taxes and insurance.

In addition, to the campground rent noted above, the Authority collects a percentage rent on an annual basis. The percentage rent is 5% of gross revenue in excess of \$250,000. In the current year \$12,310 (2022 : \$9,457) was received for percentage rent.

7. Related entity

Letters Patent incorporating the Ausable Bayfield Conservation Foundation under the Canada Corporations Act were granted on June 1, 1974. The Ausable Bayfield Conservation Foundation is a registered charity under the Income Tax Act. The Ausable Bayfield Conservation Authority exercises significant influence over the Foundation as it approves the appointment or reappointment of members to the Foundation. The Foundation aids the Conservation Authority in the cultivation and advancement of conservation in the Province of Ontario by providing funding for conservation projects that would otherwise not be undertaken by the Conservation Authority.

The Ausable Bayfield Conservation Foundation's financial information has not been consolidated in the Ausable Bayfield Conservation Authority's financial statements. The financial position of the Foundation is as follows:

	2023	2022
Financial Position		
Total assets	\$ 7,294,353	\$ 3,835,367
Total liabilities	<u>1,440,111</u>	<u>1,398,488</u>
Total net assets	<u>\$ 5,854,242</u>	<u>\$ 2,436,879</u>
Results of Operations		
Total revenues	\$ 363,512	\$ 111,320
Total expenses	<u>316,149</u>	<u>159,230</u>
Excess (deficiency) of revenues over expenses	<u>\$ 47,363</u>	<u>\$ (47,910)</u>

The total liabilities include an amount payable to Ausable Bayfield Conservation Authority in the amount of \$5,534 (2022 : \$7,917) for items purchased by the Authority, as well as contributions for education and barrier-free trails and facilities.

During the year, the Foundation received a donation of lands in the amount of \$3,370,000 (2022 : \$0) that were recorded as a direct increase in Net Assets.

The total expenses include contributions of \$60,916 (2022 : \$17,208) to the Ausable Bayfield Conservation Authority.

8. Financial instrument risk management**Credit risk**

The Authority is exposed to credit risk through its cash, trade and other receivables, and short-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Authority's receivables are from users and government entities. For trade and other receivables, the Authority measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority has a planning and a budgeting process in place to help determine the funds required to support the Authority's normal operating requirements on an ongoing basis. The Authority ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the Board, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

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 exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

9. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations for comparative purposes. The 2022 budget amounts for the Ausable Bayfield Conservation Authority approved by the Board are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities.

AUSABLE BAYFIELD CONSERVATION AUTHORITY
Schedule of Continuity of Accumulated Surplus
For the Year Ended December 31, 2023

	Balance, beginning of year	Appropriations From Operations	Appropriations To Operations	Balance, end of year
Internally restricted surplus				
Property Management	360,194	44,607	(27,000)	377,801
Flood and Erosion Control				
Major Maintenance	728,808	71,230	-	800,038
Vehicles and Equipment	149,547	10,178	(40,000)	119,725
Barrier-Free Trails, Facilities	119,060	25,136	-	144,196
Outdoor Education	189,023	5,039	-	194,062
Administration IT	96,673	9,449	(14,600)	91,522
Stewardship Endowment	5,375,460	332,469	(107,274)	5,600,655
Administration Building	136,909	110,816	(13,250)	234,475
Operating Reserve	162,022	-	(2,087)	159,935
	<u>7,317,696</u>	<u>608,924</u>	<u>(204,211)</u>	<u>7,722,409</u>
Tangible capital assets	5,536,621	282,959	(173,285)	5,646,295
Working capital	<u>119,116</u>	<u>11,654</u>	<u>-</u>	<u>130,770</u>
	<u>\$ 12,973,433</u>	<u>903,537</u>	<u>(377,496)</u>	<u>\$ 13,499,474</u>

AUSABLE BAYFIELD CONSERVATION AUTHORITY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

	Land	Land Improvements	Buildings	Motor Vehicles	Computer Equipment	Equipment	Furniture and Fixtures	Flood and Erosion Control Structures & Trails	TOTAL Net Book Value 2023	TOTAL Net Book Value 2022
Cost										
Balance, beginning of year	2,622,094	316,743	2,059,288	199,271	393,260	266,343	103,347	6,642,527	12,602,873	12,547,086
Add: Additions during the year	170,000	7,446		62,810	27,123	15,579			282,958	55,787
Less: Disposals during the year				(26,057)		(9,094)			(35,151)	-
Balance, end of year	<u>2,792,094</u>	<u>324,189</u>	<u>2,059,288</u>	<u>236,024</u>	<u>420,383</u>	<u>272,828</u>	<u>103,347</u>	<u>6,642,527</u>	<u>12,850,680</u>	<u>12,602,873</u>
Accumulated Amortization										
Balance, beginning of year		251,416	1,054,222	171,693	370,113	192,366	95,753	4,930,687	7,066,250	6,890,077
Add: Amortization during the year		6,253	37,235	17,574	12,340	16,365	1,544	81,974	173,285	176,173
Less: Accumulated amortization on disposals				(26,057)		(9,094)			(35,151)	-
Balance, end of year	<u>-</u>	<u>257,669</u>	<u>1,091,457</u>	<u>163,210</u>	<u>382,453</u>	<u>199,637</u>	<u>97,297</u>	<u>5,012,661</u>	<u>7,204,384</u>	<u>7,066,250</u>
Net Book Value of Tangible Capital Assets	<u>2,792,094</u>	<u>66,520</u>	<u>967,831</u>	<u>72,814</u>	<u>37,930</u>	<u>73,191</u>	<u>6,050</u>	<u>1,629,866</u>	<u>\$ 5,646,296</u>	<u>\$ 5,536,623</u>

AUSABLE BAYFIELD CONSERVATION AUTHORITY
EXPENDITURES BY TYPE

Schedule 1

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Wages and benefits	2,707,640	2,747,679	2,679,609
Technical fees	354,798	407,441	332,653
Amortization of tangible capital assets	160,599	173,285	176,173
Program supplies	211,404	273,040	254,612
Partnership commitments	537,124	447,037	306,182
Repairs and maintenance	147,491	66,626	90,736
Memberships, dues, and fees	58,095	62,128	52,542
Property taxes	62,129	51,655	49,294
Insurance	87,984	87,339	77,761
Office	130,246	20,737	21,753
Utilities	39,925	39,331	37,474
Board of Directors	26,027	36,919	21,567
Travel	12,937	15,782	7,386
Training	19,603	9,945	10,985
Advertising and promotion	9,021	5,145	7,150
Rental	12,039	6,400	6,077
Interest and bank charges	5,792	225	258
Transfer to reserve	35,295	-	-
Capital asset additions	102,105	-	-
	<u>4,720,254</u>	<u>4,450,714</u>	<u>4,132,212</u>