

**THE CROWE VALLEY CONSERVATION AUTHORITY**

**FINANCIAL STATEMENTS**

**December 31, 2023**



**Crowe Valley**  
C o n s e r v a t i o n

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

Phone: 613-472-3137  
Fax: 613-472-5516  
www.crowevalley.com

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## MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Crowe Valley Conservation Authority are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards, as issued by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The financial statements have been audited by Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Tim Pidduck  
General Manager & Secretary-Treasurer

Amanda Donald  
Administrative Assistant

April 18, 2024

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**THE CROWE VALLEY CONSERVATION AUTHORITY**

### **Opinion**

We have audited the financial statements of **THE CROWE VALLEY CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2023, and the statements of surplus, changes in net financial assets, operations 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 results of operations 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 the 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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

### 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.

Trenton, Ontario  
April 18, 2024

  
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, 2023**

|                                                | <u>2023</u>                    | <u>2022</u>                    |
|------------------------------------------------|--------------------------------|--------------------------------|
| <b>FINANCIAL ASSETS</b>                        |                                |                                |
| Cash                                           | \$ 1,391,171                   | \$ 1,383,153                   |
| Accounts receivable                            | <u>143,861</u>                 | <u>122,942</u>                 |
|                                                | <u>1,535,032</u>               | <u>1,506,095</u>               |
| <br><b>LIABILITIES</b>                         |                                |                                |
| Accounts payable and accrued liabilities       | 121,463                        | 92,005                         |
| Deferred contributions - <i>note 3</i>         | 11,748                         | -                              |
| Unearned revenue                               | <u>110,277</u>                 | <u>123,110</u>                 |
|                                                | <u>243,488</u>                 | <u>215,115</u>                 |
| <br><b>NET FINANCIAL ASSETS</b>                | <br><u>1,291,544</u>           | <br><u>1,290,980</u>           |
| <br><b>NON FINANCIAL ASSETS</b>                |                                |                                |
| Tangible capital assets - <i>schedule 3</i>    | 341,516                        | 332,091                        |
| Prepaid expenditures                           | <u>13,196</u>                  | <u>13,196</u>                  |
|                                                | <u>354,712</u>                 | <u>345,287</u>                 |
| <br><b>ACCUMULATED SURPLUS - <i>note 4</i></b> | <br>\$ <u><u>1,646,256</u></u> | <br>\$ <u><u>1,636,267</u></u> |

Approved by the Board

\_\_\_\_\_  
Director

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Director

*(see accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**STATEMENT OF SURPLUS**  
**YEAR ENDED DECEMBER 31, 2023**

|                                                | <u>2023</u>                | <u>2022</u>                |
|------------------------------------------------|----------------------------|----------------------------|
| <b>ACCUMULATED SURPLUS , beginning of year</b> | \$ 1,636,267               | \$ 1,523,669               |
| Annual surplus                                 | <u>9,989</u>               | <u>112,598</u>             |
| <b>ACCUMULATED SURPLUS , end of year</b>       | <u><u>\$ 1,646,256</u></u> | <u><u>\$ 1,636,267</u></u> |

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**

|                                                    | <u>2023</u>                | <u>2022</u>                |
|----------------------------------------------------|----------------------------|----------------------------|
| <b>NET FINANCIAL ASSETS, beginning of year</b>     | <u>\$ 1,290,980</u>        | <u>\$ 1,197,409</u>        |
| Annual surplus                                     | 9,989                      | 112,598                    |
| Acquisition of tangible capital assets             | (44,024)                   | (45,804)                   |
| Proceeds on disposition of tangible capital assets | 10,468                     | -                          |
| Gain on disposal of tangible capital assets        | (10,468)                   | -                          |
| Amortization of tangible capital assets            | 34,599                     | 31,023                     |
| Change in prepaid expenditures                     | <u>-</u>                   | <u>(4,246)</u>             |
|                                                    | <u>564</u>                 | <u>93,571</u>              |
| <b>NET FINANCIAL ASSETS, end of year</b>           | <u><u>\$ 1,291,544</u></u> | <u><u>\$ 1,290,980</u></u> |

*(See accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2023**

|                                                       | <u>2023</u><br><u>Budget</u> | <u>2023</u><br><u>Actual</u> | <u>2022</u><br><u>Actual</u> |
|-------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| <b>REVENUE</b>                                        |                              |                              |                              |
| Ministry of Natural Resources and Forests             |                              |                              |                              |
| Operating                                             | \$ 60,267                    | \$ 60,267                    | \$ 60,267                    |
| Other projects                                        | 173,829                      | 121,058                      | 68,993                       |
| Municipal levies                                      | 767,167                      | 767,244                      | 745,087                      |
| Authority generated regulation administration fees    | 185,598                      | 202,123                      | 218,720                      |
| Operating agreements                                  | 40,575                       | 44,153                       | 38,029                       |
| Hydro project                                         | 21,714                       | 44,955                       | 25,545                       |
| Source Water Protection project                       | 55,131                       | 44,238                       | 41,622                       |
| Miscellaneous revenues                                | 24,985                       | 27,598                       | 37,920                       |
| Interest earned                                       | 9,400                        | 44,907                       | 15,217                       |
| Grants and donations - note 3                         | 1,749                        | 4,025                        | 8,957                        |
|                                                       | <u>1,340,415</u>             | <u>1,360,568</u>             | <u>1,260,357</u>             |
| <b>EXPENDITURES</b>                                   |                              |                              |                              |
| Program administration and operation, Schedule 2      | 944,870                      | 961,146                      | 834,090                      |
| Other projects, Schedule 1                            | 549,874                      | 355,937                      | 282,646                      |
| Amortization                                          | -                            | 34,599                       | 31,023                       |
|                                                       | <u>1,494,744</u>             | <u>1,351,682</u>             | <u>1,147,759</u>             |
| Annual surplus (deficit) before other items           | <u>(154,329)</u>             | <u>8,886</u>                 | <u>112,598</u>               |
| <b>OTHER INCOME (EXPENSE)</b>                         |                              |                              |                              |
| Gain on disposal of tangible capital assets           | -                            | 10,468                       | -                            |
| Adjustment to opening deferred contributions - note 3 | -                            | (9,365)                      | -                            |
|                                                       | <u>-</u>                     | <u>1,103</u>                 | <u>-</u>                     |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                       | <u>\$ (154,329)</u>          | <u>\$ 9,989</u>              | <u>\$ 112,598</u>            |

*(See accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**SCHEDULE OF EXPENDITURE - OTHER PROJECTS**

**Schedule 1**

|                                                            | <u>2023<br/>Budget</u>   | <u>2023<br/>Actual</u>   | <u>2022<br/>Actual</u>   |
|------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Automotive fuel, maintenance and licences                  | \$ 15,330                | \$ 19,312                | \$ 14,170                |
| Water erosion control infrastructure (WECI)                | 111,942                  | 7,123                    | 162,233                  |
| Monitoring Projects                                        | 250                      | 2,579                    | 5,781                    |
| McGeachie Conservation Area                                | 13,286                   | 8,379                    | 12,681                   |
| Conservation lands                                         | 11,000                   | 3,418                    | 13,204                   |
| Operating agreements - MNR and Hydro projects              | 34,434                   | 37,782                   | 32,976                   |
| Source water protection                                    | 54,974                   | 44,227                   | 41,601                   |
| Flood hazard identification and mapping program<br>(FHIMP) | 298,658                  | 233,117                  | -                        |
| Ortho imagery                                              | <u>10,000</u>            | <u>-</u>                 | <u>-</u>                 |
|                                                            | <u><u>\$ 549,874</u></u> | <u><u>\$ 355,937</u></u> | <u><u>\$ 282,646</u></u> |

*(See accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**SCHEDULES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**SCHEDULE OF EXPENDITURE - PROGRAM ADMINISTRATION AND OPERATION**

**Schedule 2**

|                                     | <u>2023<br/>Budget</u> | <u>2023<br/>Actual</u> | <u>2022<br/>Actual</u> |
|-------------------------------------|------------------------|------------------------|------------------------|
| Insurance                           | \$ 58,983              | \$ 51,406              | \$ 48,539              |
| Office and administration           | 63,653                 | 59,218                 | 59,762                 |
| Legal fees                          | 8,812                  | 101                    | 1,881                  |
| Communications                      | 19,497                 | 18,165                 | 14,668                 |
| Dam operations                      | 13,000                 | 7,365                  | 5,104                  |
| Generic regulations                 | 274,838                | 299,773                | 255,659                |
| Wages                               | 466,428                | 495,265                | 422,159                |
| Municipal taxes                     | 8,425                  | 7,538                  | 7,156                  |
| Travel and professional development | 2,759                  | 668                    | (1,400)                |
| Utilities                           | 21,475                 | 21,647                 | 20,562                 |
| Contingency                         | <u>7,000</u>           | <u>-</u>               | <u>-</u>               |
|                                     | <u>\$ 944,870</u>      | <u>\$ 961,146</u>      | <u>\$ 834,090</u>      |

*(See accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY  
SCHEDULE OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2023**

**Schedule 3**

|                                                            | Land<br>\$ | Land<br>Improvements<br>\$ | Buildings<br>\$ | Furniture,<br>tools and<br>equipment<br>\$ | Automotive<br>equipment<br>\$ | Computer<br>hardware and<br>software<br>\$ | Infrastructure<br>\$ | 2023<br>Total<br>\$ | 2022<br>Total<br>\$ |
|------------------------------------------------------------|------------|----------------------------|-----------------|--------------------------------------------|-------------------------------|--------------------------------------------|----------------------|---------------------|---------------------|
| <b>Historical Costs:</b>                                   |            |                            |                 |                                            |                               |                                            |                      |                     |                     |
| Opening Balance                                            | 56,216     | 19,667                     | 290,883         | 128,352                                    | 119,834                       | 472,684                                    | 1,406,926            | 2,494,562           | 2,448,758           |
| Additions                                                  | -          | 5,420                      | -               | 15,078                                     | 15,468                        | 8,059                                      | -                    | 44,024              | 45,804              |
| Disposals                                                  | -          | -                          | -               | -                                          | (38,477)                      | -                                          | -                    | (38,477)            | -                   |
| Closing Balance                                            | 56,216     | 25,087                     | 290,883         | 143,430                                    | 96,825                        | 480,743                                    | 1,406,926            | 2,500,109           | 2,494,562           |
| <b>Accumulated Amortization:</b>                           |            |                            |                 |                                            |                               |                                            |                      |                     |                     |
| Opening Balance                                            | -          | 10,220                     | 210,942         | 57,713                                     | 94,871                        | 469,015                                    | 1,319,710            | 2,162,471           | 2,131,448           |
| Amortization                                               | -          | 849                        | 5,867           | 4,099                                      | 7,509                         | 562                                        | 15,713               | 34,599              | 31,023              |
| Disposals                                                  | -          | -                          | -               | -                                          | (38,477)                      | -                                          | -                    | (38,477)            | -                   |
| Closing Balance                                            | -          | 11,069                     | 216,809         | 61,812                                     | 63,903                        | 469,577                                    | 1,335,423            | 2,158,593           | 2,162,471           |
| <b>Net book value for year<br/>ended December 31, 2023</b> | 56,216     | 14,018                     | 74,074          | 81,618                                     | 32,922                        | 11,166                                     | 71,503               | 341,516             | 332,091             |

(See accompanying notes)

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

|                                                 | <u>2023</u>                | <u>2022</u>                |
|-------------------------------------------------|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>     |                            |                            |
| Annual surplus                                  | \$ 9,989                   | \$ 112,598                 |
| Adjustments for:                                |                            |                            |
| Amortization                                    | 34,599                     | 31,023                     |
| Gain on disposal of tangible capital assets     | <u>(10,468)</u>            | <u>-</u>                   |
|                                                 | 34,120                     | 143,621                    |
| Change in non-cash operating balances:          |                            |                            |
| Accounts receivable                             | (20,919)                   | (39,753)                   |
| Prepaid expenditures                            | -                          | (4,246)                    |
| Accounts payable and accrued liabilities        | 29,458                     | 5,699                      |
| Deferred contributions                          | 11,748                     | -                          |
| Unearned revenue                                | <u>(12,833)</u>            | <u>26,378</u>              |
|                                                 | <u>41,574</u>              | <u>131,699</u>             |
| <b>CASH FLOWS FROM CAPITAL TRANSACTIONS</b>     |                            |                            |
| Purchase of tangible capital assets             | (44,024)                   | (45,804)                   |
| Proceeds on disposal of tangible capital assets | <u>10,468</u>              | <u>-</u>                   |
|                                                 | <u>(33,556)</u>            | <u>(45,804)</u>            |
| <b>INCREASE IN CASH</b>                         | 8,018                      | 85,895                     |
| <b>CASH, beginning of year</b>                  | <u>1,383,153</u>           | <u>1,297,258</u>           |
| <b>CASH, end of year</b>                        | <u><u>\$ 1,391,171</u></u> | <u><u>\$ 1,383,153</u></u> |

*(See accompanying notes)*

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**1. NATURE OF OPERATIONS**

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.

The Authority is a registered charity and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Authority follows Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) in preparing its financial statements. The significant accounting policies used are as follows:

**Basis of accounting**

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

**Reserves**

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

**Tangible capital assets**

Tangible capital assets are recorded 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 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 |

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 period in which the event giving rise to the transfers 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 are recognized when the related net expenditures have been incurred.

Administration fees are recognized when the service has been performed.

General donations 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 at the end of the fiscal year are recorded as unearned revenue.

Interest on bank accounts is recognized when earned.

**Financial instruments**

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case where a financial asset or financial liability is subsequently measured at amortized cost, the amount of transaction costs directly attributable to the instrument. The Authority subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and unearned revenue. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Pension expense and obligation**

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 cost of employer contributions to the multi-employer defined benefit pension plan are charged to operations in the same year as the related employee salaries and wages to which the contributions relate. No provision is made for any funding liability or surplus related to this plan.

**Liability for contaminated sites**

A contaminated site is a site at which substances occur, in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated sites if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Authority is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. These statements do not include any liability for contaminated sites.

**Asset retirement obligations**

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. These statements do not include any asset retirement obligations

**Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Items requiring the use of significant estimates include determining the estimated useful lives of tangible capital assets and its accrued liabilities. Actual results could differ from those estimates.

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**3. DEFERRED CONTRIBUTIONS**

The Authority has received donations restricted in use to maintenance and improvements of the Callaghan Rapids Conservation Area.

Activity in the year is as follows:

|                                       | 2023              | 2022              |
|---------------------------------------|-------------------|-------------------|
|                                       | <u>          </u> | <u>          </u> |
| Beginning of year                     | \$ -              | \$ -              |
| Adjustment to opening balance in year | 9,365             | -                 |
| Contributions received in year        | 5,674             | -                 |
| Expenses incurred in year             | <u>(3,291)</u>    | <u>-</u>          |
| End of year                           | <u>\$ 11,748</u>  | <u>\$ -</u>       |

Revenue is recognized as funds are expended. The accumulated unspent contributions were recorded as deferred contributions in the current year and charged against the current year surplus.

Grant and donation revenue recognized in the year are as follows:

|                                         | 2023              | 2022              |
|-----------------------------------------|-------------------|-------------------|
|                                         | <u>          </u> | <u>          </u> |
| Unrestricted contributions              | \$ 734            | \$ 729            |
| Recognition of restricted contributions | <u>3,291</u>      | <u>8,131</u>      |
|                                         | <u>\$ 4,025</u>   | <u>\$ 8,860</u>   |

**THE CROWE VALLEY CONSERVATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**4. ACCUMULATED SURPLUS**

The components of accumulated surplus are as follows:

|                                     | 2023                | 2022                |
|-------------------------------------|---------------------|---------------------|
|                                     | <u>2023</u>         | <u>2022</u>         |
| Land operations reserve             | \$ 17,000           | \$ 17,000           |
| McGeachie Conservation Area reserve | 11,937              | 11,937              |
| Contingencies reserve               | 103,813             | 103,813             |
| Capital reserve                     | 180,154             | 334,483             |
| Legal reserve                       | <u>20,500</u>       | <u>20,500</u>       |
| Total reserves                      | <u>333,404</u>      | <u>487,733</u>      |
| Tangible capital assets             | 341,516             | 332,091             |
| Operating surplus                   | <u>971,336</u>      | <u>816,443</u>      |
|                                     | <u>1,312,852</u>    | <u>1,148,534</u>    |
|                                     | <u>\$ 1,646,256</u> | <u>\$ 1,636,267</u> |

The only activity in the reserve accounts for the year was an appropriation of \$154,329 from the capital reserve to operations as approved in the 2023 budget.

**5. FINANCIAL INSTRUMENTS**

**Credit risk**

The Authority is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Authority's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and investments. The Authority's cash is with Canadian banks while the accounts receivable are largely amounts due from governments and as a result management believes the risk of loss to be remote. All of the receivables are current except \$9,359 are greater than 90 days.

**Liquidity risk**

Liquidity risk is the risk that the Authority cannot meet a demand for cash or fund its obligations as they become due. The Authority meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can readily be converted to cash. Substantially all of the accounts payable and accrued liabilities are anticipated to be settled within six months of the year end.

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**5. FINANCIAL INSTRUMENTS (continued)**

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

**(i) Interest rate risk**

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Authority has limited interest rate risk as it bears no variable rate debt.

**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Authority has no foreign currency transactions and therefore is not exposed to currency risk

**(iii) Other price risk**

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Authority is not exposed to other price risk.

**Changes in risk**

There was no significant change in the Authority's risk exposure during the year.

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**5. FINANCIAL INSTRUMENTS (continued)**

**Fair value**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

The Authority has no instruments that are subsequently measured at fair value after initial recognition.

**6. EXPENDITURES BY OBJECT**

Operating expenditures comprise:

|                              | 2023                | 2022                |
|------------------------------|---------------------|---------------------|
|                              | <u>          </u>   | <u>          </u>   |
| Salaries and benefits        | \$ 846,876          | \$ 729,634          |
| Operating goods and services | 470,207             | 387,102             |
| Amortization                 | <u>34,599</u>       | <u>31,023</u>       |
|                              | <u>\$ 1,351,682</u> | <u>\$ 1,147,759</u> |

**7. PENSION AGREEMENTS**

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions are split equally between the employees and the Authority.

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**7. PENSION AGREEMENTS (continued)**

The Authority's share of contributions to OMERS for 2023 was \$56,577 (2022 - \$53,228) for current service costs.

The OMERS plan has a reported \$4.2 billion going concern actuarial deficit at the end of 2023 (2022 - \$6.7 billion), and \$136.2 billion of going concern actuarial liabilities at the end of 2023 (2022 - \$130.3 billion).

**8. MEMBER MUNICIPALITIES AND FOUNDATION**

Transactions with member municipalities for the year and the balances receivable or payable at year end are as follows:

|                                 | 2023              | 2022              |
|---------------------------------|-------------------|-------------------|
|                                 | <u>          </u> | <u>          </u> |
| Municipal levies                | \$ 767,244        | \$ 745,087        |
| Operating agreement revenue     | 8,760             | 8,760             |
| Miscellaneous revenue           | -                 | 12,500            |
| Property tax expense            | 10,202            | 9,705             |
| Receivables from municipalities | 18,119            | 17,701            |

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.

**9. BUDGET AMOUNTS**

The budget amounts presented are as approved by the Board of Directors on February 24, 2023. This includes both the operating budget and the capital budget. The operating budget included \$983,542 of revenue and \$983,542 of expenditures for the current year. The capital budget included \$266,271 of revenue with projected capital expenditures of \$420,600 for the current year for a deficit of \$154,329. The Authority does not budget for amortization.

**10. ADOPTION OF NEW ACCOUNTING POLICIES**

Effective January 1, 2023, the Authority adopted PS3450 Financial Instruments, PS2601 Foreign Currency Translation, PS3041 Portfolio Investments and PS 3280 Asset Retirement Obligations. The adoption of these standards had no impact on prior periods due to the nature of its financial instruments.