

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

QUINTE CONSERVATION AUTHORITY
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QUINTE CONSERVATION AUTHORITY

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of Quinte Conservation Authority are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Authority maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Authority's assets are appropriately accounted for and adequately safeguarded.

The Authority's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Directors reviews and approves the Authority's financial statements for issuance to the members of Quinte Conservation Authority. The Board of Directors meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Authority. Baker Tilly KDN LLP has full and free access to the Authority.



Vick Chair



Chief Administrative Officer

June 20, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Quintet Conservation Authority

Opinion

We have audited the consolidated financial statements of Quinte Conservation Authority and its local board (the Authority), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at December 31, 2023, and the results of its consolidated operations and its consolidated 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 20, 2024

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	84,160	45,209
Accounts receivable	1,007,065	1,076,440
Funds held in trust (note 4)	484,763	444,868
TOTAL FINANCIAL ASSETS	1,575,988	1,566,517
LIABILITIES		
Bank indebtedness (note 14)	169,881	174,924
Accounts payable	456,035	367,473
Deferred revenue (note 5)	625,631	922,342
Long term debt (note 4)	1,331,922	1,555,245
TOTAL LIABILITIES	2,583,469	3,019,984
NET DEBT	(1,007,481)	(1,453,467)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	14,737,662	14,676,507
Prepaid expenses	99,406	87,952
TOTAL NON-FINANCIAL ASSETS	14,837,068	14,764,459
ACCUMULATED SURPLUS (note 6)	13,829,587	13,310,992

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Provincial grants (note 7)	1,491,881	912,396	1,016,721
Federal grants	-	-	42,253
Municipal levies - general	2,055,117	2,055,117	1,915,747
- special	949,171	781,329	555,616
Rentals and leases	30,240	70,025	32,409
Interest earned	15,000	65,274	31,421
Donations	17,879	33,479	48,219
Sales and refunds	15,000	14,898	25,980
Fees	1,144,294	642,176	677,330
Tree planting and reforestation	310,000	154,163	305,171
Gate receipts	202,233	147,288	115,553
Hydro power generation	-	463,406	404,550
Big Island rehabilitation	10,406	10,406	4,845
Other programs	1,208,915	794,801	870,907
Contributed tangible capital assets	-	28,000	-
TOTAL REVENUES	7,450,136	6,172,758	6,046,722
EXPENSES			
Administration (note 8)	420,941	371,524	358,801
Program operations (note 9)	2,469,594	2,359,098	2,182,431
Vehicles and equipment (note 10)	10,276	28,372	(26,915)
Maintenance - conservation areas	216,569	221,722	265,574
Other projects (note 11)	3,778,883	2,214,598	2,077,713
Amortization	403,782	447,910	403,782
Loss on disposal of tangible capital assets	-	10,939	-
TOTAL EXPENSES	7,300,045	5,654,163	5,261,386
ANNUAL SURPLUS	<u>150,091</u>	518,595	785,336
ACCUMULATED SURPLUS - beginning of year		13,310,992	12,525,656
ACCUMULATED SURPLUS - end of year		13,829,587	13,310,992

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	150,091	518,595	785,336
Amortization of tangible capital assets	403,782	447,910	403,782
Purchase of tangible capital assets	(528,873)	(503,640)	(1,415,955)
Loss on disposal of tangible capital assets	-	10,939	-
Proceeds on sale of tangible capital assets	-	11,636	-
Contributed tangible capital assets	-	(28,000)	-
Change in prepaid expenses	-	(11,454)	(87,952)
CHANGE IN NET DEBT	25,000	445,986	(314,789)
NET DEBT - beginning of year	(1,453,467)	(1,453,467)	(1,138,678)
NET DEBT - end of year	(1,428,467)	(1,007,481)	(1,453,467)

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	518,595	785,336
Items not involving cash		
Amortization of tangible capital assets	447,910	403,782
Loss on disposal of tangible capital assets	10,939	-
Contributed tangible capital assets	(28,000)	-
Change in non-cash assets and liabilities		
Accounts receivable	69,375	(819,365)
Funds held in trust	(39,895)	(26,079)
Prepaid expenses	(11,454)	(87,952)
Accounts payable	88,562	55,486
Deferred revenue	(296,711)	200,028
Net change in cash from operating activities	759,321	511,236
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(503,640)	(1,415,955)
Proceeds on disposal of tangible capital assets	11,636	-
Net change in cash from capital activities	(492,004)	(1,415,955)
FINANCING ACTIVITIES		
Debt principal repayments	(223,323)	(209,489)
NET CHANGE IN CASH AND CASH EQUIVALENTS	43,994	(1,114,208)
CASH AND CASH EQUIVALENTS - beginning of year	(129,715)	984,493
CASH AND CASH EQUIVALENTS - end of year	(85,721)	(129,715)
Comprised of:		
Cash	84,160	45,209
Bank indebtedness	(169,881)	(174,924)
	(85,721)	(129,715)

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. NATURE OF OPERATIONS

During 2009 the Province of Ontario approved the legal formation of the Quinte Conservation Authority that amalgamated the Moira River Conservation Authority (MRCA), Napanee Region Conservation Authority (NRCA) and Prince Edward Region Conservation Authority (PERCA). The purpose of the organization is to fulfil the requirements of Conservation Authorities as prescribed by the Province of Ontario's Conservation Authorities Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Authority and which are owned and controlled by the Authority. These consolidated financial statements include:

- Quinte Conservation Association

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	20-60 years
Machinery and equipment	5-10 years
Vehicles	10 years
Dams and weirs	10-100 years
Trails and boardwalks	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government Funding

Government funding, including grants and levies, is recognized in the financial statements as revenues in the period in which events 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 revenue

Fees, gate receipts, rentals and leases, tree planting and reforestation, hydro power generation and other program revenues are recognized as revenue in the year the goods and services are provided.

Investment income is recorded when earned.

Restricted donations are recorded in the period in which the related expenses are incurred. Unrestricted donations are recorded as revenue when received or as a receivable when collection is reasonably assured.

(d) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Authority because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

(e) Reserves

Certain amounts, as approved by the Board of Directors, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(f) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Funds held in trust	Amortized Cost
Bank indebtedness	Amortized Cost
Accounts payable	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Authority manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

As there are no unrealized gains or losses on financial instruments to report, the Consolidated Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

(h) Use of estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Authority's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Authority's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

3. TANGIBLE CAPITAL ASSETS

The net book value of the Authority's tangible capital assets are:

	2023 \$	2022 \$
General		
Land	2,946,415	2,918,416
Buildings	640,575	688,343
Machinery and equipment	792,308	680,187
Vehicles	86,955	96,815
Trails and boardwalks	670,332	696,266
Infrastructure		
Dams and weirs	9,341,664	9,574,267
	14,478,249	14,654,294
Assets under construction	259,413	22,213
	14,737,662	14,676,507

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

4. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412% (2021 - 6.412%), due November 1, 2028	1,331,922	1,555,245

- (b) Interest paid during the year on long term debt amounted to \$93,235 (2022 - \$107,069).
- (c) The funds held in trust of \$484,763 (2022 - \$444,868) reported on the Consolidated Statement of Financial Position is comprised of \$354,928 (2022 - \$340,326) debt service reserve fund described in (d) below plus \$129,835 (2022 - \$104,542) maintenance reserve fund.
- (d) The loan is secured by a general security agreement over all assets of the McLeod Dam Hydroelectric Generating Facility operating as Quinte Conservation Association. As part of the loan agreement with Corpfinance, the Association is required to provide for a debt service reserve fund account in the amount of \$158,279, representing 6 months of debt payments plus accumulated interest on the reserve. The loan agreement requires a minimum debt service coverage ratio of 1.05:1 as well as a minimum amount of working capital as defined by the agreement. Since the Association has been in non-compliance with the debt service coverage requirement and the working capital requirement in the past, Corpfinance considers the Association to be in non-compliance for the entire term of the loan. However, subsequent to the year-end Corpfinance confirmed their intention not to call the loan early and to proceed with the agreed payment schedule reflected in these consolidated financial statements.
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	238,071	78,487	316,558
2025	253,793	62,765	316,558
2026	270,553	46,005	316,558
2027	288,420	28,138	316,558
2028	281,085	9,092	290,177
	1,331,922	224,487	1,556,409

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2023 \$	2022 \$
Source water protection planning	37,964	-
Dam studies matching funds projects	139,509	129,460
Second Depot Lake seasonal camping fees	8,934	61,552
Bay of Quinte Remedial Action Plan programs	4,339	7,354
Frink Centre projects	49,088	13,635
Restricted donations	183,853	418,053
Storm water management	-	106,787
Other	201,944	185,501
	625,631	922,342

The continuity of deferred revenue is as follows:

	2023 \$	2022 \$
Balance - beginning of year	922,342	722,314
Add amounts received:		
Source water protection planning funding	418,552	-
Dam studies matching funds projects funding	169,125	430,447
Second Depot Lake seasonal camping fees	-	70,000
Bay of Quinte Remedial Action Plan programs funding	5,263	17,150
Frink Centre projects funding	45,490	30,000
Restricted donations	3,000	100,000
Other funding	221,283	178,742
	862,713	826,339
Less transfer to operations:		
Source water protection planning	380,584	38,890
Dam studies matching funds projects	159,075	393,474
Second Depot Lake seasonal camping fees	52,618	8,448
Bay of Quinte Remedial Action Plan programs	8,278	17,326
Frink Centre projects	10,037	51,836
Restricted donations earned	237,200	5,252
Storm water management	106,787	-
Other	204,845	111,085
	1,159,424	626,311
Balance - end of year	625,631	922,342

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Surplus/(Deficit)		
Operating	356,739	282,655
Quinte Conservation Association	(681,221)	(713,979)
	(324,482)	(431,324)
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	14,737,662	14,676,507
Long term debt	(1,331,922)	(1,555,245)
Unfunded capital - boat	(19,300)	(40,926)
Unfunded capital - WECl projects	(67,227)	(205,676)
	13,319,213	12,874,660
Surplus	12,994,731	12,443,336
Reserves		
Working funds	402,335	402,335
Green energy	57,835	57,835
Legal	26,103	26,078
Bay of Quinte Stewardship	1,380	1,380
Future projects	22,901	2,221
Flinton Dam	22,500	22,500
Soda Hub Connection	38,708	24,091
Wishart Dam	18	18
Springside Dam	8,120	8,120
Arden Dam	-	25,917
Demorestville Dam	16,243	16,243
James Lazier Dam	8,221	8,221
Climate Change	7,500	7,500
Bay of Quinte equipment replacement	6,259	16,782
Source water	138,958	138,958
Reforestation	77,775	109,457
Total Reserves	834,856	867,656
	13,829,587	13,310,992

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

7. PROVINCIAL GRANTS

Provincial grants include the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Operations	166,117	166,117	166,117
Source water protection planning 2022/2023	539,919	376,071	-
Source water protection planning 2021/2022	-	-	59,044
Source water protection planning 2020/2021	-	-	213,406
Dam Safety Review	-	-	22,282
Dam inspections and capital asset management	379,974	247,906	540,215
Flood plain mapping	371,487	104,638	-
Skootamatta operation agreement	15,000	15,000	15,000
Ackerman property project	19,384	2,664	657
	1,491,881	912,396	1,016,721

8. ADMINISTRATION EXPENSES

Administration expenses include the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Wages and benefits	201,024	193,439	122,862
Member costs	10,000	9,794	9,485
Office operations	229,917	228,567	226,454
Administration recovery	(20,000)	(60,276)	-
	420,941	371,524	358,801

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

9. PROGRAM OPERATIONS EXPENSES

Program operations expenses are comprised of the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Operation and maintenance of water control structures	616,093	601,601	505,020
Flood forecasting	694,490	700,750	730,360
Plan input	706,182	593,343	578,021
Information and interpretation	102,749	107,903	155,403
Taxes and insurance	251,800	254,633	195,751
Legal	17,280	21,234	17,876
Conservation services	81,000	79,634	-
	2,469,594	2,359,098	2,182,431

10. VEHICLE AND EQUIPMENT EXPENSES

Vehicle and equipment expenses are comprised of the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Expenses			
Fuel, maintenance and repairs	42,676	69,737	45,012
Small equipment purchases	64,800	54,441	1,555
	107,476	124,178	46,567
Charges based on usage			
Program operations	97,200	95,806	73,482
Net charges (recovery) to operations	10,276	28,372	(26,915)

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

11. OTHER PROJECTS EXPENSES

Other projects expenses include the following:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Other programs	2,415,571	1,103,226	1,398,019
Source water protection planning	1,131,629	645,168	245,735
Hydro power generation	330,480	231,953	256,801
Forest operations	190,393	198,322	107,520
Environmental day camps	41,290	35,929	69,638
	4,109,363	2,214,598	2,077,713

12. ECONOMIC DEPENDENCE

The major sources of revenue are in the form of grants from the Province of Ontario and levies from the participating municipalities. The nature and extent of these revenues is of such significance as to affect the viability of the Authority and accordingly, it can be said that the Authority is economically dependent upon the Province of Ontario and the participating municipalities.

13. BUDGET FIGURES

The budget, approved by the Authority, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

14. BANK INDEBTEDNESS

The Authority has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. The Authority's Executive Committee authorized the temporary borrowing limit on February 12, 2007. At December 31, 2023 there was a balance outstanding of \$150,000 (2022 - \$120,000).

Included in bank indebtedness in 2023 are outstanding cheques which exceeded the bank balance at December 31, 2023 by \$69,995 (2022 - 54,924).

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

15. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	2,627,891	2,396,360	2,224,265
Interest charges	-	93,235	107,069
Materials	2,986,337	2,109,873	1,804,099
Contracted services	1,298,135	672,929	647,563
Rents and financial	76,100	45,321	124,898
External transfers	25,000	33,677	23,192
Amortization	403,782	447,910	403,782
Internal charges	(117,200)	(156,082)	(73,482)
Loss on disposal of tangible capital assets	-	10,939	-
	7,300,045	5,654,162	5,261,386

16. PENSION AGREEMENTS

Certain employees of the Authority are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The Authority's required contributions to OMERS in 2023 were \$222,056 (2022 - \$191,672).

17. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

18. CHANGES IN ACCOUNTING POLICIES

The Authority has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Authority's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by public sector entities. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2023

	Land \$	Buildings \$	General Machinery and Equipment \$	Vehicles \$	Trails and Boardwalks \$	Infrastructure Dams and Weirs \$	Assets Under Construction \$	Totals \$
COST								
Balance, beginning of year	2,918,416	1,368,601	1,074,284	638,112	796,280	15,578,855	22,213	22,396,761
Add: additions during the year	28,000	-	236,047	15,782	14,611	-	237,200	531,640
Less: disposals during the year	1	67,721	-	-	-	-	-	67,722
Balance, end of year	2,946,415	1,300,880	1,310,331	653,894	810,891	15,578,855	259,413	22,860,679
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	680,258	394,097	541,297	100,014	6,004,588	-	7,720,254
Add: additions during the year	-	25,194	123,926	25,642	40,545	232,603	-	447,910
Less: disposals during the year	-	45,147	-	-	-	-	-	45,147
Balance, end of year	-	660,305	518,023	566,939	140,559	6,237,191	-	8,123,017
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,946,415	640,575	792,308	86,955	670,332	9,341,664	259,413	14,737,662

QUINTE CONSERVATION AUTHORITY
QUINTE CONSERVATION ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of the Quinte Conservation Association

Opinion

We have audited the financial statements of the Quinte Conservation Association of Quinte Conservation Authority (the Association), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net debt 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 Association as at December 31, 2023, and the results of its operations and 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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 20, 2024

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	63,277	25,407
Accounts receivable	42,382	65,309
Funds held in trust (note 8)	484,763	444,868
TOTAL FINANCIAL ASSETS	590,422	535,584
LIABILITIES		
Accounts payable	11,723	12,825
Due to Quinte Conservation Authority (note 3)	1,259,920	1,236,738
Long term debt (note 8)	1,331,922	1,555,245
TOTAL LIABILITIES	2,603,565	2,804,808
NET DEBT	(2,013,143)	(2,269,224)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	3,828,735	3,892,508
ACCUMULATED SURPLUS (note 5)	1,815,592	1,623,284

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
REVENUES		
Hydro generation	463,406	404,550
Investment income	20,551	11,831
Other recoveries	4,077	41,524
TOTAL REVENUES	488,034	457,905
EXPENSES		
Interest on long term debt	93,235	107,069
Maintenance and repairs	63,304	80,698
Amortization	63,773	63,773
Contract wages	52,986	55,594
Professional fees	12,288	6,705
Administration	3,268	23
Insurance	6,872	6,712
TOTAL EXPENSES	295,726	320,574
ANNUAL SURPLUS	192,308	137,331
ACCUMULATED SURPLUS - beginning of year	1,623,284	1,485,953
ACCUMULATED SURPLUS - end of year	1,815,592	1,623,284

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	192,308	137,331
<u>Amortization of tangible capital assets</u>	<u>63,773</u>	<u>63,773</u>
CHANGE IN NET DEBT	256,081	201,104
NET DEBT - beginning of year	<u>(2,269,224)</u>	<u>(2,470,328)</u>
NET DEBT - end of year	<u>(2,013,143)</u>	<u>(2,269,224)</u>

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	192,308	137,331
Items not involving cash		
Amortization of tangible capital assets	63,773	63,773
Change in non-cash working capital		
Accounts receivable	22,927	(47,916)
Funds held in trust	(39,895)	(26,079)
Accounts payable	(1,102)	(8,112)
Due to Quinte Conservation Authority	23,182	(61,810)
Net change in cash from operating activities	261,193	57,187
FINANCING ACTIVITIES		
Debt principal repayments	(223,323)	(209,489)
NET CHANGE IN CASH	37,870	(152,302)
CASH - beginning of year	25,407	177,709
CASH - end of year	63,277	25,407

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. NATURE OF ORGANIZATION

Quinte Conservation Association was incorporated without share capital, on October 13, 1998. During 2009 the Association assumed the construction and operations of the McLeod Dam hydroelectric generating facility. The purpose of the Association is to operate and maintain the McLeod Dam hydroelectricity generation for green energy which is used locally.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Association are as follows:

(a) Recognition of revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Hydro generation revenues are recognized as revenue in the year the generation occurs.

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Association's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Association's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Funds held in trust	Amortized Cost
Accounts payable	Amortized Cost
Due to Quinte Conservation Authority	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Association manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Dams and weirs	75 years
Machinery and equipment	75 years

(e) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Association because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Association unless they are sold.

(f) Inter-entity transactions

The Quinte Conservation Association is controlled by Quinte Conservation Authority's Board of Directors and is consolidated with the Authority's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Authority.

Assets and/or liabilities transferred between the Association and Authority are measured at the carrying amount.

3. INTER-ENTITY TRANSACTIONS

During the year, the Association entered into transactions with Quinte Conservation Authority.

Advances received from Quinte Conservation Authority, a related party, were to fund operations. Quinte Conservation Authority is a related party due to common control. The advances are non-interest bearing with no specific terms of repayment.

In addition, Quinte Conservation Authority provides accounting and administrative services to the Association at no cost.

4. ECONOMIC DEPENDENCE

The major source of revenue is in the form of hydro generation sales to Veridian Connections Inc. The nature and extent of this revenue is of such significance as to affect the viability of the Association and accordingly, it can be said that the Association is economically dependent upon Veridian Connections Inc.

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Deficit		
Operating	(681,221)	(713,979)
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	3,828,735	3,892,508
Long term debt	(1,331,922)	(1,555,245)
	2,496,813	2,337,263
	1,815,592	1,623,284

6. TANGIBLE CAPITAL ASSETS

The net book value of the Association's tangible capital assets are:

	Dams & weirs \$	Machinery & equipment \$	2023 Totals \$	2022 Totals \$
COST				
Balance, beginning of year	4,723,727	59,230	4,782,957	4,782,957
Balance, end of year	4,723,727	59,230	4,782,957	4,782,957
ACCUMULATED AMORTIZATION				
Balance, beginning of year	881,760	8,689	890,449	826,676
Add: additions during the year	62,983	790	63,773	63,773
Balance, end of year	944,743	9,479	954,222	890,449
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,778,984	49,751	3,828,735	3,892,508

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

7. CONTRACTUAL RIGHTS

The Association has entered into an agreement with Veridian Connections Inc. to earn revenues for the electricity generated from the hydro electric dam which expires in 2028. The amount of revenue earned is dependent on the quantity of electrical energy supplied and the rate per kWh set by the Ontario Energy Board. The Association receives payments monthly.

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

8. LONG TERM DEBT

(a) Long term debt consists of the following:

	2023	2022
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412% (2022 - 6.412%), due November 1, 2028	1,331,922	1,555,245

(b) Interest paid during the year on long term debt amounted to \$93,235 (2022 - \$107,069).

(c) The funds held in trust of \$484,763 (2022 - \$444,868) reported on the Statement of Financial Position is comprised of \$354,928 (2022 - \$340,326) debt service reserve fund described in (d) below plus \$129,835 (2022 - \$104,542) maintenance reserve fund.

(d) The loan is secured by a general security agreement over all assets of the McLeod Dam Hydroelectric Generating Facility operating as Quinte Conservation Association. As part of the loan agreement with Corpfinance, the Association is required to provide for a debt service reserve fund account in the amount of \$158,279, representing 12 months of debt payments plus accumulated interest on the reserve. The loan agreement requires a minimum debt service coverage ratio of 1.05:1 as well as a minimum amount of working capital as defined by the agreement. Since the Association has been in non-compliance with the debt service coverage requirement and the working capital requirement in the past, Corpfinance considers the Association to be in non-compliance for the entire term of the loan. However, subsequent to the year-end Corpfinance confirmed their intention not to call the loan early and to proceed with the agreed payment schedule reflected in these consolidated financial statements.

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	238,071	78,487	316,558
2025	253,793	62,765	316,558
2026	270,553	46,005	316,558
2027	288,420	28,138	316,558
2028	281,085	9,092	290,177
	1,331,922	224,487	1,556,409

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

9. CHANGES IN ACCOUNTING POLICIES

The Authority has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

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PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Association's consolidated financial statements.

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PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Authority's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Association's consolidated financial statements.

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