

MAITLAND VALLEY CONSERVATION AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2021

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Maitland Valley Conservation Authority

Opinion

We have audited the accompanying financial statements of Maitland Valley Conservation Authority ("the Authority"), which are comprised of the statement of financial position as at December 31, 2021 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
March 16, 2022

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at December 31	2021	2020
FINANCIAL ASSETS		
Cash	1,497,500	1,369,371
Short-term investments (note 3)	325,860	295,135
Accounts receivable	74,999	107,880
	<u>1,898,359</u>	<u>1,772,386</u>
LIABILITIES		
Accounts payable and accrued liabilities	44,943	46,452
Deferred revenue (note 4)	214,219	247,661
	<u>259,162</u>	<u>294,113</u>
NET FINANCIAL ASSETS	1,639,197	1,478,273
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 6)	1,792,451	1,800,271
Prepayments	14,534	12,457
	<u>1,806,985</u>	<u>1,812,728</u>
ACCUMULATED SURPLUS	<u>\$ 3,446,182</u>	<u>\$ 3,291,001</u>

On behalf of the Members:

The accompanying notes are an integral part of this financial statement

**MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS**

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Municipal			
Municipal levies	1,654,182	1,646,682	1,566,182
Government Grants			
NDMNRF transfer payment	-	162,195	46,424
Other provincial	191,782	132,510	155,197
Federal	-	169,678	4,153
Partnership agreements	620,871	499,407	491,962
Authority Generated			
User fees, sales and admissions	1,167,682	1,098,120	915,079
Interest income	14,104	16,199	17,947
Donations and fundraising	73,772	179,937	10,034
Facility rentals	4,600	4,748	4,736
Deferred revenue - prior year	-	247,661	300,334
Deferred revenue - current year	-	(214,219)	(247,661)
	<u>3,726,993</u>	<u>3,942,918</u>	<u>3,264,387</u>
Expenditure			
Conservation land management	1,472,967	1,074,499	668,653
Flood safety services	605,394	590,868	561,230
Watershed stewardship	1,480,984	1,319,887	938,708
Corporate services	807,916	709,665	626,787
Amortization	-	92,818	91,023
	<u>4,367,261</u>	<u>3,787,737</u>	<u>2,886,401</u>
Annual surplus (deficit)	(640,268)	155,181	377,986
Opening balance	<u>3,291,001</u>	<u>3,291,001</u>	<u>2,913,015</u>
Closing balance	<u><u>\$ 2,650,733</u></u>	<u><u>\$ 3,446,182</u></u>	<u><u>\$ 3,291,001</u></u>

The accompanying notes are an integral part of this financial statement

**MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31	2021 Actual	2020 Actual
Annual surplus (deficit)	155,181	377,986
Amortization of tangible capital assets	92,818	91,023
Net acquisition of tangible capital assets	(84,998)	(249,059)
Decrease (increase) in inventory and prepaid expenses	(2,077)	(1,889)
Increase (decrease) in net financial assets	160,924	218,061
Opening balance	1,478,273	1,260,212
Closing balance	\$ 1,639,197	\$ 1,478,273

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS

For the year ended December 31	2021	2020
Operating activities		
Annual surplus (deficit)	155,181	377,986
Amortization expense not requiring cash outlay	92,818	91,023
Decrease (increase) in accounts receivable	32,881	(16,219)
Increase (decrease) in accounts payable	(1,509)	243
Increase (decrease) in deferred revenue	(33,442)	(52,673)
Decrease (increase) in inventory and prepaid expenses	(2,077)	(1,889)
Cash provided by (used for) operating activities	<u>243,852</u>	<u>398,471</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(84,998)</u>	<u>(249,059)</u>
Cash provided by (used for) capital activities	<u>(84,998)</u>	<u>(249,059)</u>
Investing activities		
Decrease (increase) in short-term investments	<u>(30,725)</u>	<u>(6,310)</u>
Cash provided by (used for) investing activities	<u>(30,725)</u>	<u>(6,310)</u>
Increase (decrease) in cash position	128,129	143,102
Cash (overdraft) beginning of year	<u>1,369,371</u>	<u>1,226,269</u>
Cash (overdraft) end of year	<u><u>\$ 1,497,500</u></u>	<u><u>\$ 1,369,371</u></u>

The accompanying notes are an integral part of this financial statement

MAITLAND VALLEY CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

The Maitland Valley Conservation Authority (“the Authority”) is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals, for the watersheds within its area of jurisdictions. The watersheds include areas in the Municipalities of Central Huron, Huron East, Morris-Turnberry and South Bruce, the Townships of Ashfield-Colborne-Wawanosh, Howick, North Huron, Perth East, West Perth, Mapleton, Wellington North and Huron-Kinloss, and the Town of Goderich, North Perth and Minto.

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

1. Accounting policies

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

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

a) **Accrual basis of accounting**

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

b) **Portfolio investments**

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

c) **Vehicles and equipment**

The Authority operates a motor pool of vehicles and equipment. Internal charges for the use of vehicles and equipment are made to the various projects of the Authority based on an hourly or distance travelled rate, which is designed to recover all costs of operating the pool including replacement of vehicles and equipment.

These internal charges are included in the appropriate expense classifications. Expenditures incurred by the motor pool for the purchase of equipment and the operating cost and the recovery of expenses by internal charges are reported in the statement of operations and surplus.

1. Accounting policies (continued)

d) **Tangible capital assets**

Tangible capital assets are recorded at historical cost. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

Tangible capital asset, except land, are amortized on a straight-line basis over the estimated useful lives as follows:

Category	Amortization Period
Land	not applicable
Land improvements	5 years
Buildings	5 - 75 years
Contents	5 - 50 years
Equipment	5 - 40 years
Furniture	45 - 50 years
Vehicles	5 - 10 years
Machinery	6 - 44 years
Information technology	5 - 9 years

Dams for the purposes of water control are not recorded as assets of the Conservation Authority.

e) **Contributed capital assets**

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

f) **Deferred revenue**

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

g) **Revenue recognition**

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

h) **Government transfers**

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

i) **Classification of expenses**

Expenses are reported in four main categories based on the type of services provided. Within these categories, expenses are broken down into operations and projects.

j) **Accumulated surplus**

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

1. Accounting policies (continued)

k) Use of estimates

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

2. Cash

Interest is paid on the Authority's bank accounts at the bank's monthly average prime rate less 1.7%.

3. Short-term portfolio investments

The Authority has purchased fixed income investments that have a cost of \$325,860 (2020 : \$295,135) and have a market value of \$325,646 (2020 : \$295,135) at year end.

4. Deferred revenue

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2021	2020
Garvey/Glenn project	42,271	59,446
Stewardship short term projects	8,119	67,600
Middle Maitland Headwaters Restoration	130,427	73,975
Carbon Footprint Initiative	3,317	3,750
Healthy Lake Huron	15,000	-
Forest Health	29,620	-
Stewardship ONFARM Project	(14,535)	914
Stewardship Cluster Project	-	41,976
	<u>\$ 214,219</u>	<u>\$ 247,661</u>

5. Pension plan

Some employees of Maitland Valley Conservation Authority are members of a defined benefit pension plan (OMERS). Contributions made during the year on behalf of the employees amounted to \$127,656 (2020 : \$111,334) and have been included as an expense on the statement of operations.

6. Tangible capital assets

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

7. Expenditures by object

	2021	2020
Salaries and benefits	\$ 1,761,741	\$ 1,453,932
Operating goods and services	1,933,178	1,341,446
Amortization	<u>92,818</u>	<u>91,023</u>
	<u>\$ 3,787,737</u>	<u>\$ 2,886,401</u>

8. Financial instrument risk management

Credit risk

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

Liquidity risk

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

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

9. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations for comparative purposes. The 2021 budget amounts for the Maitland Valley Conservation Authority approved by the Membership are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities.

10. Financial impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring rolling closures and lockdowns of non-essential business for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the organization's operations, cash flows and financial position. The Membership and management will continue to monitor the situation and reflect the impact in the financial statements as appropriate.

MAITLAND VALLEY CONSERVATION AUTHORITY
Schedule of Continuity of Accumulated Surplus
For the Year Ended December 31, 2021

	Balance, beginning of year	From Operations	To Operations	Balance, end of year
Internally restricted surplus				
Vehicle and equipment purchases	100,596	20,672	(1,626)	119,642
Insurance deductible	25,000			25,000
Working capital	834,346	127,131	(274,449)	687,028
Short Term Disability	38,000			38,000
Forestry management	42,192	18,789	(603)	60,378
Falls Reserve Conservation Area	435,560	266,599	-	702,159
Wawanosh Park Conservation Area	15,036	6,488	-	21,524
	<u>1,490,730</u>	<u>439,679</u>	<u>(276,678)</u>	<u>1,653,731</u>
Tangible capital assets	1,800,271		(7,820)	1,792,451
	<u>\$ 3,291,001</u>	<u>439,679</u>	<u>(284,498)</u>	<u>\$ 3,446,182</u>

MAITLAND VALLEY CONSERVATION AUTHORITY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

	Land	Land Improvements	Buildings	Contents	Furniture	Vehicles	Machinery	Equipment	Information Technology	TOTAL Net Book Value 2021	TOTAL Net Book Value 2020
Cost											
Balance, beginning of year	1,220,137	6,394	820,736	30,229	17,786	322,332	80,217	282,406	136,631	2,916,868	2,679,481
Add: Additions during the year			25,506				4,070	30,135	25,287	84,998	249,059
Less: Disposals during the year									(9,233)	(9,233)	(11,672)
Balance, end of year	<u>1,220,137</u>	<u>6,394</u>	<u>846,242</u>	<u>30,229</u>	<u>17,786</u>	<u>322,332</u>	<u>84,287</u>	<u>312,541</u>	<u>152,685</u>	<u>2,992,633</u>	<u>2,916,868</u>
Accumulated Amortization											
Balance, beginning of year		6,394	447,369	23,987	10,549	241,988	52,936	223,986	109,388	1,116,597	1,037,246
Add: Amortization during the year			22,143	336	368	28,332	7,124	23,174	11,341	92,818	91,023
Less: Accumulated amortization on disposals									(9,233)	(9,233)	(11,672)
Balance, end of year	<u>-</u>	<u>6,394</u>	<u>469,512</u>	<u>24,323</u>	<u>10,917</u>	<u>270,320</u>	<u>60,060</u>	<u>247,160</u>	<u>111,496</u>	<u>1,200,182</u>	<u>1,116,597</u>
Net Book Value of Tangible Capital Assets	<u>1,220,137</u>	<u>-</u>	<u>376,730</u>	<u>5,906</u>	<u>6,869</u>	<u>52,012</u>	<u>24,227</u>	<u>65,381</u>	<u>41,189</u>	<u>\$ 1,792,451</u>	<u>\$ 1,800,271</u>

**MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES**

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Conservation Area Services			
Falls Reserve Conservation Area	445,704	445,817	391,201
Management, development and operations	187,915	186,567	180,246
Motor pool	14,415	14,232	10,333
Wawanosh Park Conservation Area	10,945	7,317	14,937
Conservation Area Projects			
Falls Reserve Conservation Area	370,388	24,220	28,673
Gorrie dam	370,000	360,332	18,479
Vehicle/equipment replacement	39,600	5,911	3,842
Forest management	10,000	24,602	11,204
Brussels Conservation Area	19,000	3,203	-
Carbon offset, footprints to forests, and naturalization	1,000	166	6,900
Wawanosh Valley Conservation	2,500	346	-
Naftel's Creek	1,500	1,786	-
Lake Wawanosh improvements	-	-	2,838
Total Conservation Area	<u>1,472,967</u>	<u>1,074,499</u>	<u>668,653</u>
Flood Protection Services			
Regulations	220,876	255,724	240,808
Flood and erosion control structures	9,771	7,204	6,339
Flood forecasting and warning	214,472	232,415	208,057
Ice management, hazard prevention and information	114,275	69,363	74,993
Flood Safety Projects			
Flood safety equipment	46,000	26,135	31,033
Listowel Conduit prevention and maintenance	-	27	-
Total Flood Safety Services	<u>605,394</u>	<u>590,868</u>	<u>561,230</u>

**MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES**

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Watershed Stewardship Services			
Reforestation services	105,443	104,761	59,934
Watershed monitoring and reporting service	81,747	83,257	71,343
Extension services	150,331	151,401	103,892
Watershed Stewardship Projects			
Huron County clean water project	508,000	351,428	385,331
Garvey/Glen Watershed Co-ordination	86,035	69,145	45,568
Drinking water source protection - transition	-	22,920	27,771
Garvey/Glen Watershed demonstrations	38,473	49,399	27,313
Nutrient monitoring project	3,749	-	6,520
Middle Maitland rejuvenation project	119,211	81,359	62,819
Stewardship ONfarm project	70,808	64,287	83,387
Stewardship short term projects	67,599	98,236	8,755
Cluster	54,488	53,676	56,075
OMAFRA - COA Healthy Lake Huron	89,903	90,000	-
Watershed Health	105,197	99,585	-
Maitland Watershed Resiliency / CFI	-	433	-
Total Watershed Stewardship	<u>1,480,984</u>	<u>1,319,887</u>	<u>938,708</u>

**MAITLAND VALLEY CONSERVATION AUTHORITY
SCHEDULE OF EXPENSES**

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Corporate Services			
Administration	305,955	312,291	290,834
Communications and IT/GIS	204,006	204,963	151,375
Financial management	90,300	91,295	85,115
Service area support costs	58,615	46,328	56,806
Governance	20,640	14,583	14,296
Motor pool	11,000	9,942	7,766
Corporate Services Projects			
Information technology upgrades	51,600	18,783	9,046
Corporate office renovation	65,800	11,480	11,549
Total Corporate Services	<u>807,916</u>	<u>709,665</u>	<u>626,787</u>