

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Financial Statements**  
**December 31, 2022**

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Index to Financial Statements**  
**Year Ended December 31, 2022**

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



LYNCH  
RUTHERFORD  
TOZER

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Ganaraska Region Conservation Authority

### *Opinion*

We have audited the financial statements of Ganaraska Region Conservation Authority (the Authority), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in accumulated surplus, 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, 2022, 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 Authority in accordance with 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.

### *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 to the Members of Ganaraska Region Conservation Authority (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 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.

Port Hope, Ontario  
February 16, 2023




Chartered Professional Accountants  
Licensed Public Accountants

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Statement of Financial Position**  
**As at December 31, 2022**

	2022	2021
<b>Financial assets</b>		
Cash	\$ 3,109,434	\$ 2,549,935
Accounts receivable (Note 3)	278,062	314,165
Term deposits (Notes 4, 8)	63,635	63,075
	<b>3,451,131</b>	<b>2,927,175</b>
<b>Liabilities</b>		
Accounts payable (Note 6)	591,589	449,210
Deferred revenue	797,134	673,312
	<b>1,388,723</b>	<b>1,122,522</b>
<b>Net financial assets</b>	<b>2,062,408</b>	<b>1,804,653</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	6,171,466	6,378,477
<b>Accumulated surplus (Note 9)</b>	<b>\$ 8,233,874</b>	<b>\$ 8,183,130</b>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Chair

  
 \_\_\_\_\_ Vice-Chair

The accompanying notes form an integral part of these financial statements

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Statement of Operations**  
**Year Ended December 31, 2022**

	Budget (Unaudited) 2022 (Note 13)	Total (Audited) 2022	Total (Audited) 2021
<b>Revenues</b>			
Municipal levies			
General	\$ 1,208,750	\$ 1,208,750	\$ 1,185,047
Benefiting	518,237	466,064	377,911
Government grants			
MNR transfer payments	51,863	51,863	51,863
Employment programs and other	28,200	33,269	27,053
Other grants	138,250	103,113	50,000
User fees and sales			
Ganaraska Forest timber sales	416,000	386,089	285,189
Watershed Stewardship	256,384	134,067	369,580
Ganaraska Forest Centre	409,400	418,026	162,283
Watershed Services	502,081	414,740	507,789
Forest Membership and Sales	395,000	168,763	404,577
Water Resources fees	151,000	177,950	130,455
Other			
Investment income	500	55,522	4,796
Sundry and other income	70,250	124,184	50,235
Trent Conservation Coalition Source Protection	82,700	80,413	93,911
Treetop Trekking lease and rental space	36,000	47,713	59,852
Donations	250	1,945	5,336
Building for Change donations	2,000	10,200	10,868
	4,266,865	3,882,671	3,776,745
<b>Expenditures</b>			
Watershed Management and Health Monitoring	1,244,833	995,844	1,066,335
Environmental Advisory Services	306,708	291,973	239,174
Watershed Stewardship	506,319	364,053	476,099
Passive Recreation	329,396	285,104	161,946
Ganaraska Forest	1,103,972	734,116	757,980
Ganaraska Forest Centre	438,400	406,934	257,812
Corporate Services	699,737	545,240	414,604
Amortization of tangible capital assets	-	208,663	220,832
	4,629,365	3,831,927	3,594,782
<b>Annual surplus (deficit)</b>	\$ (362,500)	\$ 50,744	\$ 181,963

The accompanying notes form an integral part of these financial statements

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>Accumulated surplus - beginning of year</b>	<b>\$ 8,183,130</b>	<b>\$ 8,001,167</b>
Surplus for the year	<u>50,744</u>	<u>181,963</u>
<b>Accumulated surplus - end of year</b>	<b><u>\$ 8,233,874</u></b>	<b><u>\$ 8,183,130</u></b>

The accompanying notes form an integral part of these financial statements

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2022**

	2022	2021
<b>Surplus for the year</b>	<b>\$ 50,744</b>	<b>\$ 181,963</b>
Amortization of tangible capital assets	208,663	220,832
(Gain) loss on disposal of tangible capital assets	(1,339)	9,999
Purchase tangible of capital assets	(1,652)	(145,776)
Proceeds on disposal of tangible capital assets	1,339	15,880
	<u>207,011</u>	<u>100,935</u>
<b>Increase in net financial assets</b>	<b>257,755</b>	<b>282,898</b>
<b>Net financial assets, beginning of year</b>	<b>1,804,653</b>	<b>1,521,755</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,062,408</b>	<b>\$ 1,804,653</b>

The accompanying notes form an integral part of these financial statements



**GANARASKA REGION CONSERVATION AUTHORITY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

	2022	2021
<b>Operating activities</b>		
Surplus for the year	\$ 50,744	\$ 181,963
Items not affecting cash:		
Amortization of tangible capital assets	208,663	220,832
(Gain) loss on disposal of tangible capital assets	(1,339)	9,999
	<u>258,068</u>	<u>412,794</u>
Changes in non-cash working capital:		
Accounts receivable	36,103	144,463
Accounts payable	142,379	(339)
Deferred revenue	123,822	289,808
	<u>302,304</u>	<u>433,932</u>
Cash flow from operating activities	<u>560,372</u>	<u>846,726</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(1,652)	(145,776)
Proceeds on disposal of tangible capital asset	1,339	15,880
Purchase of term deposit	-	(46,553)
Maturity of term deposit	-	-
(Increase) decrease in accrued interest	(560)	(514)
Cash flow used by investing activities	<u>(873)</u>	<u>(176,963)</u>
<b>Increase in cash flow</b>	<b>559,499</b>	<b>669,763</b>
Cash, beginning of year	<u>2,549,935</u>	<u>1,880,172</u>
<b>Cash, end of year</b>	<b>\$ 3,109,434</b>	<b>\$ 2,549,935</b>

The accompanying notes form an integral part of these financial statements

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

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1. NATURE OF OPERATIONS

The Ganaraska Region 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 jurisdiction. The Authority's area of jurisdiction includes areas in the Municipality of Clarington, Town of Cobourg, Municipality of Port Hope, Township of Hamilton, Township of Alnwick/Haldimand, Township of Cavan Monaghan and the City of Kawartha Lakes.

As a registered charity the Authority is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared by management in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

Accrual accounting

Revenue 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.

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. Contributed tangible capital assets are recorded at fair market value at the date of contribution. The cost of the tangible capital assets is amortized on a straight-line basis (except land which is not amortized).

Service life of tangible capital assets is as follows:

Land improvements	15 to 40 years	straight-line method
Building and building improvements	25 to 40 years	straight-line method
Furniture and fixtures	10 to 40 years	straight-line method
Machinery and equipment	5 to 30 years	straight-line method
Vehicles	5 to 25 years	straight-line method
Computers and computer software	3 to 10 years	straight-line method
Infrastructure	20 to 100 years	straight-line method

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

Investments

Short term investments, which consist of term deposits, are held to maturity and are recorded at cost with accrued interest to year end date.

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**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

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

Reserves

Reserves for future expenditures and contingencies are established as required at the discretion of the members of the Authority. Increases or decreases in these reserves are made by appropriations to or from operations.

Cash and cash equivalents

The Authority considers deposits in bank as cash and cash equivalents.

Revenue recognition

Government transfers are recognized in the financial statements as revenue 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 of the amounts can be made.

User charges and fees are recognized as revenue in the period in which the related services are performed.

Revenue from the lease of a specific section of the Ganaraska Forest and office space to an outside company is recognized monthly as set out in the terms of the lease agreement.

Deferred revenue

The Authority receives certain amounts principally from other public sector bodies, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. Further, certain user charges and fees are collected but for which the related services have yet to be performed. These amounts are recognized as revenue when the related expenditures are incurred or services performed.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets. Actual results could differ from these estimates.

Donated capital assets, materials and services

Donated capital assets are recorded at fair value when fair value can be reasonably estimated. Donated materials and services are not recorded.

Contributed services

Volunteers contribute significant time to the governance and delivery of the Authority programs. Due to the difficulty in determining the fair value of these contributions, contributed services are not recognized in the financial statements.

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**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

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

Financial instruments policy

Financial instruments are recorded at its fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to the instrument. These costs on the acquisition, sale or issue of financial instruments are expensed when incurred if the financial instrument will be subsequently measured at fair market value. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date when there are indications of impairment.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and term deposits.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and deferred revenue.

3. ACCOUNTS RECEIVABLE

	2022	2021
Government receivables	\$ 126,194	\$ 244,537
Conservation authorities receivables	80,031	29,697
Other receivables	71,837	39,931
	\$ 278,062	\$ 314,165

4. TERM DEPOSITS

	2022	2021
Redeemable GIC, Bank of Montreal, 0.45%, maturing February 12, 2026	\$ 46,815	\$ 46,675
Non-Redeemable GIC, Bank of Montreal, 2.90%, maturing July 9, 2023	16,820	16,400
	\$ 63,635	\$ 63,075

The first term deposit noted above represented the balance in the Barbara Young reserve. The Authority has internally restricted these funds for use in the Trappers and Traders program and the above term deposit was purchased to segregate the remaining funds. (See Note 8 for further details of the bequest)

The second term deposit noted above represents the money received from the Save the Ganaraska Again (SAGA) reserve. The Authority has internally restricted these funds for use to subsidize students in need to attend the outdoor education program and therefore the above GIC was purchased to segregate the funds. (See Note 8 for further details of the donation)

5. BANK INDEBTEDNESS

The operating line of credit is secured by a general security agreement. The authorized line of credit is \$250,000 with interest charged at prime plus 0.50%, of which \$250,000 remained unused as at December 31, 2022.

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

6. ACCOUNTS PAYABLE

Included in accounts payable is a government remittance payable of \$292.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Land	\$ 935,531	\$ -	\$ 935,531	\$ 935,531
Land improvements	154,097	76,811	77,286	82,962
Building and building improvements	4,596,923	1,982,752	2,614,171	2,720,677
Vehicles	196,983	174,123	22,860	26,700
Computers and computer software	333,382	275,793	57,589	82,684
Machinery and equipment	266,886	188,792	78,094	90,668
Furniture and fixtures	559,915	420,479	139,436	153,520
Infrastructure	3,949,179	1,702,680	2,246,499	2,285,735
	<b>\$ 10,992,896</b>	<b>\$ 4,821,430</b>	<b>\$ 6,171,466</b>	<b>\$ 6,378,477</b>

8. RESERVES

- (a) **CAPITAL ASSET REPLACEMENT RESERVE** In 2016, the Authority implemented a capital asset management plan. The plan identified what assets the Authority has, the condition they are in and what the anticipated needs are to maintain the infrastructure. It also estimates the future needs both from the perspective of preserving existing infrastructure and also anticipates future new asset acquisitions and capacity enhancements. A determination was made of which assets need to be managed and replaced on a 20 year cycle, except for dam infrastructure which has a longer 40 year cycle.
- (b) **RESERVE FOR FOREST CENTRE** Years ago, the Authority set up a reserve in the event that the revenues for the Forest Centre exceeded the budgeted revenues and the expenditures were in line. This was to be used as needed at the Forest Centre, in particular, if there was a time when schools, due to strikes or other situations, did not participate in the programs and a shortfall in revenues was created.
- (c) **BARBARA YOUNG RESERVE** In 2015, the Authority received a bequest from the estate of Barbara Young. The total amount received was \$57,981. Although the amount was not restricted, the Authority has elected to spend the funds on a new Trappers and Traders program. In 2015, \$15,000 was spent on the Trappers and Traders program leaving a balance of \$42,981 at December 31, 2015. The Authority purchased a term deposit (Note 4) and created a reserve account (Note 8) in the accumulated surplus to segregate the remaining funds.
- (d) **SAVE THE GANARASKA AGAIN (SAGA) RESERVE** In 2018, the Authority received a donation from the Save the Ganaraska Again organization. The total amount received was \$15,264. The funds are to be used to subsidize students in need to attend the outdoor education program. The Authority purchased a term deposit (Note 4) and created a reserve account (Note 8) in the accumulated surplus to segregate the funds.

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

9. ACCUMULATED SURPLUS

	2022	2021
<u>Tangible capital assets surplus</u>		
Balance, beginning of year	\$ 6,378,477	\$ 6,479,412
Purchase of tangible capital assets from capital asset replacement reserve	1,652	119,373
Purchase of tangible capital assets from unallocated accumulated surplus	-	26,403
Amortization of tangible capital assets	(208,663)	(220,832)
Gain (loss) on disposal of tangible capital assets	1,339	(9,999)
Proceeds on disposal of tangible capital asset	(1,339)	(15,880)
	<b>6,171,466</b>	<b>6,378,477</b>
<u>Unallocated accumulated surplus</u>		
Balance, beginning of year	953,727	705,811
Surplus for the year	50,744	181,963
Purchase of tangible capital assets	-	(26,403)
Amortization of tangible capital assets	208,663	220,832
(Gain) loss on disposal of tangible capital assets	(1,339)	9,999
Proceeds from disposal of tangible capital asset	1,339	15,880
Allocation to capital asset replacement reserve	(172,735)	(153,840)
Interest allocated to Barbara Young reserve	(140)	(123)
Interest allocated to Save the Ganaraska Again (SAGA) reserve	(420)	(392)
	<b>1,039,839</b>	<b>953,727</b>
<u>Capital asset replacement reserve</u>		
Balance, beginning of year	687,851	653,384
Allocation from unallocated accumulated surplus	172,735	153,840
Purchase of tangible capital assets	(1,652)	(119,373)
	<b>858,934</b>	<b>687,851</b>
<u>Reserve for forest centre</u>		
Balance, beginning of year	90,000	90,000
<u>Barbara Young reserve</u>		
Balance, beginning of year	46,675	46,552
Interest earned	140	123
	<b>46,815</b>	<b>46,675</b>
<u>Reserve for forest purchase</u>		
Balance, beginning of year	10,000	10,000

*(continues)*

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

	2022	2021
<u>Save the Ganaraska Again (SAGA) reserve</u>		
Balance, beginning of year	16,400	16,008
Interest earned	420	392
	16,820	16,400
 TOTAL ACCUMULATED SURPLUS	<b>\$ 8,233,874</b>	<b>\$ 8,183,130</b>

10. PENSION AGREEMENTS

The Authority has a pension agreement with the Ontario Municipal Employee Retirement System ("OMERS") which is a multi-employer plan. The plan is a defined benefit pension 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. The Authority remits monthly to OMERS the employee withholdings and matching contributions.

11. COMMITMENTS

The Authority has lease commitment expenditures on various equipment. The future minimum lease payments as at December 31, 2021 are as follows:

2023	\$ 5,851
2024	5,851
2025	5,851
2026	3,023
2027	2,267
	<b>\$ 22,843</b>

The Authority has entered into a lease agreement with an outside company for a specific section of the Ganaraska Forest as well as some office space. The lease has an initial term of ten years, ending in June 2021, and an option to renew for a further five years. The option to renew was exercised and renewed for the next five years with an option to renew for another five years. The future minimum lease revenue to be received by the Authority as at December 31, 2022 is as follows:

2023	\$ 20,583
2024	20,995
2025	21,415
2026	21,843
	<b>\$ 84,836</b>

12. FINANCIAL INSTRUMENTS

The fair value of cash, term deposits, accounts receivable, accounts payable and deferred revenue are approximately equal to their carrying value due to their short-term maturity date.

**GANARASKA REGION CONSERVATION AUTHORITY**  
**Notes to Financial Statements**  
**December 31, 2022**

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13. BUDGET FIGURES

The 2022 budget figures included in these financial statements are those adopted by the Authority on May 19, 2022. The budget figures are unaudited.

14. OTHER ISSUES

The global COVID-19 pandemic has severely impacted economic activities around the world and it continues to evolve. The duration and impact of the pandemic remains uncertain at this time. The Authority has determined that these events are non-adjusting subsequent events. The 2022 Budget did take into consideration some of the impact of COVID-19 on the financial position. However, in some program areas the budget may not have been adjusted to reflect their impact, if any. As well, the Authority is not able to reliably estimate the effects of the pandemic on the results of its future operations and financial position.

On May 21, 2022 a derecho storm impacted the Ganaraska Forest and the operation. This will continue to have an impact on the forest operation and membership program during 2023. The Authority has determined that this event is a non-adjusting event. The 2022 budget was not adjusted to reflect the financial impact, however adjustments were made to the actual expenditures to reflect the reduced revenues.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.