

GANARASKA REGION CONSERVATION AUTHORITY
Financial Statements
December 31, 2023

GANARASKA REGION CONSERVATION AUTHORITY
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Year Ended December 31, 2023

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LYNCH
RUTHERFORD
TOZER

CHARTERED
PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2023, 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, 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 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.

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 15, 2024



Chartered Professional Accountants
Licensed Public Accountants

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Financial Position
As at December 31, 2023

	2023	2022
Financial assets		
Cash	\$ 2,993,476	\$ 3,041,250
Accounts receivable (Note 3)	504,600	278,062
Term deposits (Notes 4, 8)	64,286	63,635
	<u>3,562,362</u>	<u>3,382,947</u>
Liabilities		
Accounts payable (Note 6)	500,163	523,405
Deferred revenue	861,874	797,134
	<u>1,362,037</u>	<u>1,320,539</u>
Net financial assets	<u>2,200,325</u>	<u>2,062,408</u>
Non-financial assets		
Prepaid expenditures	4,477	-
Tangible capital assets (Note 7)	6,212,864	6,171,466
	<u>6,217,341</u>	<u>6,171,466</u>
Accumulated surplus (Note 9)	<u>\$ 8,417,666</u>	<u>\$ 8,233,874</u>

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, 2023

	Budget (Unaudited) 2023 (Note 13)	Total (Audited) 2023	Total (Audited) 2022
Revenues			
Municipal levies			
General	\$ 1,238,769	\$ 1,238,970	\$ 1,208,750
Benefiting	567,971	467,544	466,064
Government grants			
MNR transfer payments	51,863	51,863	51,863
Employment programs and other	33,800	25,485	33,269
Other grants	73,600	170,752	103,113
User fees and sales			
Ganaraska Forest timber sales	269,575	269,575	386,089
Watershed Stewardship	254,924	146,812	134,067
Ganaraska Forest Centre	462,400	576,239	418,026
Watershed Services	593,050	587,663	414,740
Forest Membership and Sales	240,000	235,797	168,763
Water Resources fees	221,000	213,120	177,950
Other			
Investment income	500	137,906	55,522
Sundry and other income	80,850	5,487	124,184
Trent Conservation Coalition Source Protection	126,000	91,814	80,413
Treetop Trekking lease and rental space	36,000	47,366	47,713
Donations	250	1,348	1,945
Building for Change donations	2,000	20,787	10,200
	4,252,552	4,288,528	3,882,671
Expenditures			
Watershed Management and Health Monitoring	1,342,630	1,185,296	995,844
Environmental Advisory Services	335,888	298,286	291,973
Watershed Stewardship	422,424	347,857	364,053
Passive Recreation	317,388	217,334	285,104
Ganaraska Forest	929,589	779,391	734,116
Ganaraska Forest Centre	510,200	510,546	406,934
Corporate Services	639,733	552,821	545,240
Amortization of tangible capital assets	-	213,205	208,663
	4,497,852	4,104,736	3,831,927
Annual surplus (deficit)	\$ (245,300)	\$ 183,792	\$ 50,744

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, 2023

	2023	2022
Accumulated surplus - beginning of year	\$ 8,233,874	\$ 8,183,130
Surplus for the year	<u>183,792</u>	<u>50,744</u>
Accumulated surplus - end of year	<u>\$ 8,417,666</u>	<u>\$ 8,233,874</u>

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, 2023

	2023	2022
Surplus for the year	\$ 183,792	\$ 50,744
Amortization of tangible capital assets	213,205	208,663
(Gain) loss on disposal of tangible capital assets	(1,133)	(1,339)
Purchase tangible of capital assets	(256,970)	(1,652)
Proceeds on disposal of tangible capital assets	3,500	1,339
(Increase) decrease in prepaid expenditures	(4,477)	-
	<u>(45,875)</u>	<u>207,011</u>
Increase in net financial assets	137,917	257,755
Net financial assets, beginning of year	<u>2,062,408</u>	<u>1,804,653</u>
Net financial assets, end of year	<u>\$ 2,200,325</u>	<u>\$ 2,062,408</u>

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Operating activities		
Surplus for the year	\$ 183,792	\$ 50,744
Items not affecting cash:		
Amortization of tangible capital assets	213,205	208,663
(Gain) loss on disposal of tangible capital assets	(1,133)	(1,339)
	<u>395,864</u>	<u>258,068</u>
Changes in non-cash working capital:		
Accounts receivable	(226,538)	36,103
Prepaid expenditures	(4,477)	-
Accounts payable	(23,242)	74,195
Deferred revenue	64,740	123,822
	<u>(189,517)</u>	<u>234,120</u>
Cash flow from operating activities	<u>206,347</u>	<u>492,188</u>
Investing activities		
Purchase of tangible capital assets	(256,970)	(1,652)
Proceeds on disposal of tangible capital asset	3,500	1,339
Purchase of term deposit	(17,101)	-
Maturity of term deposit	15,264	-
(Increase) decrease in accrued interest	1,186	(560)
Cash flow used by investing activities	<u>(254,121)</u>	<u>(873)</u>
Increase (decrease) in cash flow	(47,774)	491,315
Cash, beginning of year	<u>3,041,250</u>	<u>2,549,935</u>
Cash, end of year	\$ 2,993,476	\$ 3,041,250

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

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.

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GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

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

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.

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.

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GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

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

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.

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

	<u>2023</u>	<u>2022</u>
Government receivables	\$ 328,700	\$ 126,194
Conservation authorities receivables	88,874	80,031
Other receivables	87,026	71,837
	<u>\$ 504,600</u>	<u>\$ 278,062</u>

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

4. TERM DEPOSITS

	2023	2022
Redeemable GIC, Bank of Montreal, 0.45%, maturing February 12, 2026	\$ 47,185	\$ 46,815
Non-Redeemable GIC, Bank of Montreal, prime minus 2.80%, maturing July 25, 2024	17,101	-
Non-Redeemable GIC, Bank of Montreal, 2.90%, matured July 9, 2023	-	16,820
	\$ 64,286	\$ 63,635

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, 2023.

6. ACCOUNTS PAYABLE

Included in accounts payable are government remittance payables of \$465.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	\$ 935,531	\$ -	\$ 935,531	\$ 935,531
Land improvements	154,097	82,487	71,610	77,286
Building and building improvements	4,649,478	2,071,738	2,577,740	2,614,171
Vehicles	285,587	179,107	106,480	22,860
Computers and computer software	376,824	274,295	102,529	57,589
Machinery and equipment	264,299	194,653	69,646	78,094
Furniture and fixtures	568,759	436,056	132,703	139,436
Infrastructure	3,949,179	1,741,916	2,207,263	2,246,499
Capital works in progress	9,362	-	9,362	-
	\$ 11,193,116	\$ 4,980,252	\$ 6,212,864	\$ 6,171,466

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

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. In the current year \$178,002 was allocated from unallocated accumulated surplus to this reserve.
- (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. In the current year \$30,000 was allocated from unallocated accumulated surplus to this reserve.
- (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 9) 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 9) in the accumulated surplus to segregate the funds.

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

9. ACCUMULATED SURPLUS

	2023	2022
<u>Tangible capital assets surplus</u>		
Balance, beginning of year	\$ 6,171,466	\$ 6,378,477
Purchase of tangible capital assets from capital asset replacement reserve	256,970	1,652
Amortization of tangible capital assets	(213,205)	(208,663)
Gain (loss) on disposal of tangible capital assets	1,133	1,339
Proceeds on disposal of tangible capital asset	(3,500)	(1,339)
	<u>6,212,864</u>	<u>6,171,466</u>
<u>Unallocated accumulated surplus</u>		
Balance, beginning of year	1,039,839	953,727
Surplus for the year	183,792	50,744
Amortization of tangible capital assets	213,205	208,663
(Gain) loss on disposal of tangible capital assets	(1,133)	(1,339)
Proceeds from disposal of tangible capital asset	3,500	1,339
Allocation to capital asset replacement reserve	(178,002)	(172,735)
Allocation to reserve for forest centre	(30,000)	-
Interest allocated to Barbara Young reserve	(370)	(140)
Interest allocated to Save the Ganaraska Again (SAGA) reserve	(281)	(420)
	<u>1,230,550</u>	<u>1,039,839</u>
<u>Capital asset replacement reserve</u>		
Balance, beginning of year	858,934	687,851
Allocation from unallocated accumulated surplus	178,002	172,735
Purchase of tangible capital assets	(256,970)	(1,652)
	<u>779,966</u>	<u>858,934</u>
<u>Reserve for forest centre</u>		
Balance, beginning of year	90,000	90,000
Allocation from unallocated accumulated surplus	30,000	-
	<u>120,000</u>	<u>90,000</u>
<u>Barbara Young reserve</u>		
Balance, beginning of year	46,815	46,675
Interest earned	370	140
	<u>47,185</u>	<u>46,815</u>

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GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2023

	<u>2023</u>	<u>2022</u>
<u>Reserve for forest purchase</u>		
Balance, beginning of year	<u>10,000</u>	<u>10,000</u>
<u>Save the Ganaraska Again (SAGA) reserve</u>		
Balance, beginning of year	<u>16,820</u>	<u>16,400</u>
Interest earned	<u>281</u>	<u>420</u>
	<u>17,101</u>	<u>16,820</u>
TOTAL ACCUMULATED SURPLUS	<u>\$ 8,417,666</u>	<u>\$ 8,233,874</u>

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, 2023 are as follows:

2024	\$ 5,851
2025	5,851
2026	3,023
2027	<u>2,267</u>
	<u>\$ 16,992</u>

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 had 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, 2023 is as follows:

2024	\$ 21,263
2025	21,688
2026	<u>7,887</u>
	<u>\$ 50,838</u>

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, 2023

13. BUDGET FIGURES

The 2023 budget figures included in these financial statements are those adopted by the Authority on April 20, 2023. The budget figures are unaudited.

14. OTHER ISSUES

On May 21, 2022 a derecho storm impacted the Ganaraska Forest and the operation. This continued to have an impact on the forest operation and membership program during 2023. The Authority has determined that this event was a non-adjusting event.

15. COMPARATIVE FIGURES

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