



LOWER THAMES VALLEY CONSERVATION AUTHORITY

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Lower Thames Valley Conservation Authority

Opinion

We have audited the financial statements of the Lower Thames Valley Conservation Authority, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net 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, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Baker Tilly CK, LLP

Chatham, Ontario
February 23, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

LOWER THAMES VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	2020 Budget	2020 Actual	2019 Actual (Restated)
REVENUES			
Municipal levies, Schedule 9	\$ 1,667,457	\$ 1,667,457	\$ 1,638,781
Miscellaneous income	-	315	749
Grants	1,097,068	1,140,772	1,058,748
Government grants - special projects	8,859	13,164	8,860
Direct benefiting	274,950	477,127	257,080
Rental recoveries	-	76,899	131,382
Oil and gas royalties	-	5,130	6,819
Interest income	-	22,534	43,838
Foundation revenue	-	5,427	5,409
Conservation area revenues	180,220	272,368	227,763
Mapping revenue	-	15,468	7,500
Ska-Nah-Doht Village, Schedule 1	75,492	64,245	86,349
	<u>3,304,046</u>	<u>3,760,906</u>	<u>3,473,278</u>
EXPENDITURES			
Ska-Nah-Doht Village, Schedule 1	172,449	134,866	196,687
Source protection, Schedule 2	31,512	26,514	42,658
Watershed monitoring, Schedule 3	120,769	108,471	72,694
Flood control structures, Schedule 4	217,009	235,817	180,903
Flood forecasting and warning, Schedule 5	200,387	174,053	227,113
Regulations and plan review, Schedule 6	268,322	290,447	249,848
Conservation services - Stewardship, Schedule 7	1,382,856	1,576,096	1,256,089
Maintenance and other non-eligible, Schedule 8	910,742	962,558	1,183,954
Administration and other (note 10)	-	(6,092)	6,092
	<u>3,304,046</u>	<u>3,502,730</u>	<u>3,416,038</u>
ANNUAL SURPLUS BEFORE AMORTIZATION AND OTHER INCOME (EXPENSE)			
	<u>-</u>	<u>258,176</u>	<u>57,240</u>
AMORTIZATION AND OTHER INCOME (EXPENSE)			
Amortization of tangible capital assets	-	(279,789)	(253,770)
Gain on sale of tangible capital assets (note 5)	-	6,000	7,858
Amortization of deferred capital contributions (note 8)	-	22,882	13,503
Donations of tangible capital assets (note 17)	-	235,771	100,155
Writedown of tangible capital assets (note 5)	-	(15,900)	-
	<u>-</u>	<u>(31,036)</u>	<u>(132,254)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (note 10)			
	<u>\$ -</u>	<u>\$ 227,140</u>	<u>\$ (75,014)</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

	INVESTMENT IN TANGIBLE CAPITAL ASSETS	RESERVES	OTHER	TOTAL 2020	TOTAL 2019 (Restated)
BALANCE, BEGINNING OF YEAR					
As previously reported	\$ 6,532,837	\$ 496,644	\$ 232,382	\$ 7,261,863	\$ 7,294,246
Prior period adjustment (note 10)	-	-	(31,934)	(31,934)	-
As restated	6,532,837	496,644	200,448	7,229,929	7,294,246
Annual (deficit) surplus (note 12)	95,483	-	131,657	227,140	(75,014)
Transfer from reserves (note 13)	-	5,130	(5,130)	-	-
Contribution received for the purchase of tangible capital assets not subject to amortization (note 14)	-	-	-	-	10,697
BALANCE, END OF YEAR	<u>\$ 6,628,320</u>	<u>\$ 501,774</u>	<u>\$ 326,975</u>	<u>\$ 7,457,069</u>	<u>\$ 7,229,929</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020



	2020	2019 (Restated)
FINANCIAL ASSETS		
Cash (note 3)	\$ 1,500,346	\$ 1,393,179
Accounts receivable (notes 4 and 9)	<u>752,485</u>	<u>495,798</u>
	<u>2,252,831</u>	<u>1,888,977</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (notes 6 and 10)	309,480	210,852
Deferred revenue (note 7)	999,026	914,790
Deferred capital contributions (note 8)	<u>133,104</u>	<u>80,462</u>
	<u>1,441,610</u>	<u>1,206,104</u>
NET FINANCIAL ASSETS (note 15)	<u>811,221</u>	<u>682,873</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	17,529	14,219
Tangible capital assets (note 5)	<u>6,628,320</u>	<u>6,532,837</u>
	<u>6,645,849</u>	<u>6,547,056</u>
ACCUMULATED SURPLUS (note 10)	<u>\$ 7,457,070</u>	<u>\$ 7,229,929</u>
COVID-19 PANDEMIC (note 18)		
COMMITMENT (note 19)		

ON BEHALF OF THE BOARD

 Chair

 Vice Chair

LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	2020	2019 (Restated)
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 227,140	\$ (75,014)
Adjustments for		
Amortization of tangible capital assets	279,789	253,770
Gain on sale of tangible capital assets (note 5)	(6,000)	(7,858)
Writedown of tangible capital assets (note 5)	15,900	-
Amortization of deferred capital contributions (note 8)	(22,882)	(13,503)
Contributed land (notes 16 and 17)	<u>(235,000)</u>	<u>(100,000)</u>
	258,947	57,395
Change in non-cash working capital items (note 16)	<u>(77,132)</u>	<u>(44,319)</u>
	<u>181,815</u>	<u>13,076</u>
FINANCING ACTIVITY		
Tangible capital assets funded by capital contributions	<u>75,524</u>	<u>67,991</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(156,172)	(107,142)
Proceeds on sale of tangible capital assets	<u>6,000</u>	<u>7,859</u>
	<u>(150,172)</u>	<u>(99,283)</u>
INCREASE (DECREASE) IN CASH	107,167	(18,216)
CASH, BEGINNING OF YEAR	<u>1,393,179</u>	<u>1,411,395</u>
CASH, END OF YEAR	<u>\$ 1,500,346</u>	<u>\$ 1,393,179</u>

1. NATURE OF OPERATIONS

Lower Thames Valley Conservation Authority is a not-for-profit organization established on February 2, 1961 under the Conservation Authorities Act of Ontario in the area over which it has jurisdiction. The Authority undertakes a program designed to further the conservation, preservation, restoration, development and management of natural resources other than gas, oil, coal and minerals. The Authority is exempt from income taxes provided that certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

(a) CASH

Cash consists of balances with financial institutions, certificates of deposit, and short-term investments with maturities of 90 days or less.

(b) TANGIBLE CAPITAL ASSETS

Tangible capital assets are significant economic resources that are managed by the Authority and are a key component in the long-term delivery of the Authority's programs. Tangible capital assets are recorded at cost. Cost includes the purchase price of the asset and all other costs incurred to make the asset available for use. The Authority provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	20-50 years
Equipment	5-40 years
Automotive	6-25 years
Furniture and fixtures	10 years
Computer equipment	3 years

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Tangible capital assets under construction are not yet available for use and accordingly, are not being amortized. The assets will be placed into use as they are completed.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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 and, where appropriate, upon approval of the Board of Directors.

The reserve for vehicle and equipment acquisitions is used for the purchase of vehicles and equipment.

The reserve for capital and maintenance projects on Authority lands and structures is used to hold royalties received from lands purchased using provincial funding to fund capital and maintenance projects on Authority lands.

The reserve for provincially eligible and mandated projects is used to hold royalties received from lands purchased using provincial funding to fund provincially-eligible expenditures.

The reserve for insurance deductibles is used to hold funding to pay the deductible on insurance claims and cover expenses related to the self-funded short-term disability policy.

The reserve for restructuring is used to hold funding to pay severance costs in the event of organizational restructuring.

The reserve for eastern district properties is used to hold funds for the improvement of eastern district conservation areas.

(d) REVENUE RECOGNITION AND GOVERNMENT TRANSFERS

The Authority follows the deferral method of accounting for contributions and government transfers. Restricted contributions and government transfers are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed. Unrestricted contributions and government transfers are recognized as revenues in the period in which events giving rise to the revenue occur, provided that the transactions are authorized, any eligibility criteria have been met, and a reasonable estimate can be made of the amount to be received.

Contributions and transfers related to tangible capital assets are credited to deferred capital contributions and are recognized as revenue on the same basis as amortization on the related asset is charged against operations. Contributions and transfers related to tangible capital assets that are not subject to amortization are recognized as a direct increase in net assets.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) SEGMENTATION OF EXPENSES

The Authority's expenses are segregated into several key program areas in the statement of operations and supporting schedules. These segments are identified and segregated on the basis of the programs operated by the Lower Thames Valley Conservation Authority and expenses are allocated to these segments according to the program to which they relate.

(f) BASIS OF ACCOUNTING

Revenues and expenses of the Authority have been recorded on an accrual basis and are recognized in the statement of operations in the year in which they have been earned and incurred, respectively, regardless of whether or not such transactions have been settled by the payment or receipt of cash.

(g) CONTRIBUTED MATERIALS AND SERVICES

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations, and when the materials and services would otherwise have been purchased. When a fair value cannot be determined, the contributed materials and services are recorded at a nominal value.

(h) FINANCIAL INSTRUMENTS

The Authority's financial assets consist of cash and accounts receivable. The Authority's financial liabilities consist of accounts payable and accrued liabilities. The Authority initially measures these financial instruments at fair value except for certain non-arm's length transactions that are measured at the exchange amount.

These financial instruments are subsequently measured at amortized cost and are evaluated for impairment at each statement of financial position date, with the write down recorded in excess (deficiency) of revenues over expenditures. Impairment reversals may occur and the asset can be written up to its original cost.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions, such as the allowance for doubtful accounts, useful life of capital assets and amortization, accrued liabilities and deferred revenues that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

3. BANK INDEBTEDNESS

The Authority has available a revolving demand operating credit line in the amount of \$300,000. This credit facility bears interest at the rate of prime less 0.75% and is unsecured. At year end, \$nil, (2019 - \$nil) of this demand operating credit line has been used.

4. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 752,485	\$ 501,644
Allowance for doubtful accounts	<u>-</u>	<u>(5,846)</u>
	<u>\$ 752,485</u>	<u>\$ 495,798</u>

5. TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 3,612,977	\$ -	\$ 3,368,074	\$ -
Buildings	7,310,137	4,658,843	7,363,137	4,536,563
Equipment	924,426	746,345	882,454	667,801
Automotive	479,858	384,143	530,754	439,889
Furniture and fixtures	81,211	52,651	79,223	46,552
Computer equipment	80,728	71,243	89,763	89,763
Construction in progress	52,208	-	-	-
	<u>12,541,545</u>	<u>5,913,225</u>	<u>12,313,405</u>	<u>5,780,568</u>
Net book value	<u>\$ 6,628,320</u>		<u>\$ 6,532,837</u>	

During the year, the Authority acquired \$244,903, (2019 - \$100,000) of land, \$32,670, (2019 - \$42,722) of automotive equipment, \$1,988, (2019 - \$2,500) of furniture and fixtures, \$48,021, (2019 - \$61,919) of equipment, \$11,382, (2019 - \$nil) of computer equipment, and \$52,208, (2019 - \$nil) of construction in progress tangible capital assets. Land with a value of \$235,000, (2019 - \$100,000) was acquired through a donation of capital property.

During the year, the Authority disposed of land with a cost of \$nil, (2019 - \$1) for cash proceeds of \$nil, (2019 - \$7,859), equipment with a cost of \$6,049, (2019 - \$nil) and accumulated amortization of \$6,049, (2019 - \$nil) for cash proceeds of \$nil, (2019 - \$nil), automotive equipment with a cost of \$83,565, (2019 - \$nil) and accumulated amortization of \$83,565, (2019 - \$nil) for cash proceeds of \$6,000, (2019 - \$nil) and computer equipment with a cost of \$20,417, (2019 - \$nil) and accumulated amortization of \$20,417, (2019 - \$nil) for cash proceeds of \$nil, (2019 - \$nil). These disposals resulted in a gain on sale being recognized in the amount of \$6,000, (2019 - \$7,858).

During the year, the Authority wrote off one tangible capital asset related to a boardwalk at the Longwoods Road Conservation Area that had previously been classified as a building asset. The asset written off had a cost of \$53,000, (2019 - \$nil) and accumulated amortization of \$37,100, (2019 - \$nil) at the time the writedown was deemed necessary. In the opinion of management, there was no longer an economic benefit expected to be derived from this asset given that the boardwalk is in the process of being replaced with a new structure. This resulted in the Authority recognizing an impairment loss of \$15,900, (2019 - \$nil) in the current year. The impairment loss was recorded in other income on the statement of operations.

5. TANGIBLE CAPITAL ASSETS, continued

The balance of construction in progress tangible capital assets relates to costs incurred for the construction of a new boardwalk at the Longwoods Road Conservation Area. At December 31, 2020, this boardwalk was not yet complete or ready for use; it will be placed into use as construction is completed. These construction costs are not being amortized.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Accounts payable	\$ 204,430	\$ 145,046
Accrued liabilities (note 10)	100,317	61,189
Government remittances payable	<u>4,733</u>	<u>4,617</u>
	<u>\$ 309,480</u>	<u>\$ 210,852</u>

7. DEFERRED REVENUE

The Lower Thames Valley Conservation Authority receives certain amounts, principally from other public sector bodies, which may only be used in the conduct of certain programs or completion of specific work. These amounts are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 914,790	\$ 848,268
Amounts received and deferred in the year	591,230	404,044
Amounts recognized as revenue in the year	<u>(506,994)</u>	<u>(337,522)</u>
Balance, end of year	<u>\$ 999,026</u>	<u>\$ 914,790</u>

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized amount of funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as amortization is charged against the associated tangible capital asset.

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 80,462	\$ 36,670
Amount received during the year	75,524	57,295
Less: amount recognized in revenue in the year	<u>(22,882)</u>	<u>(13,503)</u>
	<u>\$ 133,104</u>	<u>\$ 80,462</u>

9. RELATED PARTY TRANSACTIONS

The Authority is related to the Lower Thames Valley Conservation Foundation by way of a common management team.

Included in accounts receivable at year end is \$43,946, (2019 - \$77,553) due from the Lower Thames Valley Conservation Foundation.

Transactions with related parties are recorded at the exchange amount. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties. Amounts included in accounts receivable are held at normal trade terms.

10. PRIOR PERIOD ADJUSTMENT

In the 2019 year, accounts payable and accrued liabilities were understated by \$31,934 and wage and benefit expenses were understated by the same amount. This misstatement related to a missed accrual for vacation pay owing to employees at year end. The correction of this misstatement resulted in an increase to accounts payable and accrued liabilities of \$31,934 and had the effect of increasing the deficiency of revenues over expenditures by \$31,934 for the year ended December 31, 2019. The comparative figures of the accompanying financial statements have been restated to reflect this adjustment.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020



11. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019 (Restated)</u>
Investment in tangible capital assets	\$ 6,628,320	\$ 6,532,837
Reserves	501,774	496,644
Other (note 10)	<u>326,975</u>	<u>200,448</u>
	<u>\$ 7,457,069</u>	<u>\$ 7,229,929</u>

12. CHANGE IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019 (Restated)</u>
Acquisition of tangible capital assets	\$ 391,172	\$ 207,142
Amortization of tangible capital assets	(279,789)	(253,770)
Gain on disposition of tangible capital assets	6,000	7,858
Proceeds on disposition of tangible capital assets	(6,000)	(7,859)
Loss on writedown of tangible capital assets	<u>(15,900)</u>	<u>-</u>
	<u>\$ 95,483</u>	<u>\$ (46,629)</u>

13. RESERVES

The Lower Thames Valley Conservation Authority sets up internal reserves for operations, capital replacement, legal and other items in order to ensure funds are available to finance shortfalls. These reserves are replenished from operating surplus and, where appropriate, as directed by the Board of Directors.

	<u>BALANCE, BEGINNING OF YEAR</u>	<u>TRANSFER FROM SURPLUS</u>	<u>TRANSFER TO SURPLUS</u>	<u>BALANCE, END OF YEAR</u>
Reserve for vehicle and equipment acquisitions	\$ 38,390	\$ -	\$ -	\$ 38,390
Reserve for capital and maintenance projects on Authority lands and structures	174,324	2,565	-	176,889
Reserve for provincially eligible and mandated projects	29,395	2,565	-	31,960
Reserve for insurance deductibles	30,000	-	-	30,000
Reserve for restructuring	216,677	-	-	216,677
Reserve for eastern district properties	<u>7,858</u>	<u>-</u>	<u>-</u>	<u>7,858</u>
	<u>\$ 496,644</u>	<u>\$ 5,130</u>	<u>\$ -</u>	<u>\$ 501,774</u>

Through acceptance of these financial statements, the Board of Directors approves a transfer of \$5,130, (2019 - \$16,623) from the annual surplus to reserve accounts and approved a transfer of \$nil, (2019 - \$nil) from reserve accounts to the statement of operations.

14. CONTRIBUTION RECEIVED FOR THE PURCHASE OF TANGIBLE CAPITAL ASSETS NOT SUBJECT TO AMORTIZATION

During the year, the Authority received grant funding of \$nil, (2019 - \$10,697) to offset costs associated with the acquisition of land in a previous year. As the tangible capital asset to which this funding relates is not being amortized, the grant funds have been recognized as a direct increase in net assets.

15. CHANGES IN NET FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Net financial assets, beginning of year	\$ 682,873	\$ 701,131
Annual surplus (deficit) (note 10)	227,140	(75,014)
Change in tangible capital assets (note 12)	(95,483)	46,629
Change in prepaid expenses (note 16)	(3,309)	(570)
Contributions received for the purchase of tangible capital assets not subject to amortization (note 14)	<u>-</u>	<u>10,697</u>
Net financial assets, end of year	<u><u>\$ 811,221</u></u>	<u><u>\$ 682,873</u></u>

16. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2020</u>	<u>2019</u> <u>(Restated)</u>
Accounts receivable	\$ (256,687)	\$ (209,065)
Accounts payable and accrued liabilities (note 10)	98,628	98,794
Deferred revenue	84,236	66,522
Prepaid expenses	<u>(3,309)</u>	<u>(570)</u>
	<u><u>\$ (77,132)</u></u>	<u><u>\$ (44,319)</u></u>

During the year, the Authority acquired land with a fair value of \$235,000, (2019 - \$100,000) through a donation of capital property. This land was capitalized with the corresponding value of the donation being reported as donation income in the accompanying statement of operations.

17. CONTRIBUTED MATERIALS AND SERVICES

During the year, the Authority received a contribution of land that had a fair value of \$235,000, (2019 - \$100,000). This land is used in the normal course of operations for the Authority and has been recorded in the financial statements at December 31, 2020.

18. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic, resulting in governments worldwide enacting emergency measures to combat the spread of the virus. The pandemic was ongoing as at the date of the audit report. The potential economic effects within the Authority's environment, possible disruption in supply chains and measures being introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, introduction of social distancing and quarantine protocols, and the closure of services deemed non-essential may have a material impact on the Authority's operations in a future period.

As at the date of the audit report, management is aware of changes in the Authority's activities resulting from the COVID-19 pandemic, such as having employees work from home. The extent of the impact of this outbreak and related containment measures on the Authority's operations cannot be reliably estimated at this time. The Authority is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available and will continue to respond accordingly.

19. COMMITMENT

As at December 31, 2020, the Authority has outstanding commitments of approximately \$49,446 with respect to the construction of a new boardwalk at the Longwoods Road Conservation Area. It is anticipated that construction will be completed within the next fiscal year.

20. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

21. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. In management's opinion, there has been no change to the Authority's risks during the year.

(a) MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. These risks are generally outside of the control of the Authority. In management's opinion, the Authority is not exposed to significant market risk.

21. FINANCIAL INSTRUMENTS, continued

(b) CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to credit risk in the event of non-payment by customers for their accounts receivable. The Authority believes there is minimal risk associated with these amounts due to the diversity of its customers and there are no significant concentrations of accounts receivable with any group of customers that are related to each other. The Authority reduces its exposure to credit risk by regularly monitoring outstanding accounts receivable and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the Authority is low and is not material.

(c) CONCENTRATION RISK

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default by one of these customers. At December 31, 2020, receivables from 2, (2019 - 5) customers comprised approximately 24%, (2019 - 73%) of the total outstanding receivables. The Authority reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. In the opinion of management, the concentration risk exposure to the Authority that is associated with their customers is low and is not material.

(d) INTEREST RATE RISK

Interest rate risk is the risk that future cash flows will be impacted by changes in interest rates. The Authority is exposed to interest rate risk on its bank indebtedness as the interest rate applicable to the Authority is variable based on the bank's prime rates. This exposure may have an impact on earnings in future years. The Authority reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates. The Authority does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the Authority is low and is not material.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020



SCHEDULE OF SKA-NAH-DOHT VILLAGE

Schedule 1

	2020 Budget	2020 Actual	2019 Actual (Restated)
REVENUE			
Donations	\$ -	\$ 55	\$ 2,515
Gate receipts	52,500	21,745	57,656
Grants	22,992	42,445	26,178
	<u>75,492</u>	<u>64,245</u>	<u>86,349</u>
EXPENDITURES			
Administration	-	297	1,106
Administration overhead	22,282	17,789	24,491
Advertising	-	170	1,332
Events and activities	-	75	3,836
Materials, supplies, taxes, insurance, utilities	12,900	19,015	24,063
Wages and benefits (note 10)	137,267	97,520	141,859
	<u>172,449</u>	<u>134,866</u>	<u>196,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (96,957)</u>	<u>\$ (70,621)</u>	<u>\$ (110,338)</u>

SCHEDULE OF SOURCE PROTECTION EXPENDITURES

Schedule 2

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ -	\$ 3,442	\$ 5,371
Travel, materials, taxes, insurance, and utilities	-	642	2,422
Wages and benefits	31,512	22,430	34,865
	<u>\$ 31,512</u>	<u>\$ 26,514</u>	<u>\$ 42,658</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020



SCHEDULE OF WATERSHED MONITORING EXPENDITURES

Schedule 3

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ 15,604	\$ 14,083	\$ 9,152
Travel, materials, taxes, insurance and utilities	34,953	43,504	19,914
Wages and benefits	70,212	50,884	43,628
	<u>\$ 120,769</u>	<u>\$ 108,471</u>	<u>\$ 72,694</u>

SCHEDULE OF FLOOD CONTROL STRUCTURES EXPENDITURES

Schedule 4

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ 28,040	\$ 30,616	\$ 24,271
Travel, materials, taxes, insurance, and utilities	41,603	74,234	39,581
Wages and benefits	147,366	130,967	117,051
	<u>\$ 217,009</u>	<u>\$ 235,817</u>	<u>\$ 180,903</u>

SCHEDULE OF FLOOD FORECASTING AND WARNING EXPENDITURES

Schedule 5

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ 25,892	\$ 24,206	\$ 25,537
Dyke maintenance	-	-	11,881
Travel, materials, taxes, insurance, and utilities	27,777	15,231	21,735
Wages and benefits (note 10)	146,718	134,616	167,960
	<u>\$ 200,387</u>	<u>\$ 174,053</u>	<u>\$ 227,113</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY



SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF REGULATIONS AND PLAN REVIEW EXPENDITURES

Schedule 6

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ 34,670	\$ 38,135	\$ 31,296
Travel, materials, taxes, insurance, and utilities	28,930	28,202	23,135
Wages and benefits (note 10)	204,722	224,110	195,417
	<u>\$ 268,322</u>	<u>\$ 290,447</u>	<u>\$ 249,848</u>

**SCHEDULE OF CONSERVATION SERVICES - STEWARDSHIP
EXPENDITURES**

Schedule 7

	2020 Budget	2020 Actual	2019 Actual (Restated)
Administration overhead	\$ 178,677	\$ 201,643	\$ 157,270
Travel, materials, taxes, insurance, and utilities	673,210	817,174	599,998
Wages and benefits (note 10)	530,969	557,279	498,821
	<u>\$ 1,382,856</u>	<u>\$ 1,576,096</u>	<u>\$ 1,256,089</u>

**SCHEDULE OF MAINTENANCE AND OTHER NON-ELIGIBLE
EXPENDITURES**

Schedule 8

	2020 Budget	2020 Actual	2019 Actual (Restated)
Community relations (note 10)	\$ 187,317	\$ 162,528	\$ 159,145
Conservation area maintenance (note 10)	638,279	647,129	764,832
Conservation education (note 10)	85,146	68,745	171,851
Vehicle and equipment	-	84,156	88,126
	<u>\$ 910,742</u>	<u>\$ 962,558</u>	<u>\$ 1,183,954</u>

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020



MUNICIPAL LEVY FOR 2020

Schedule 9

MUNICIPALITY	CURRENT VALUE ASSESSMENT IN THE WATERSHED	% OF LEVY	MATCHING LEVY 2020	NON- MATCHING LEVY 2020	SPECIAL LEVY 2020	TOTAL LEVY 2020	TOTAL LEVY 2019
Chatham-Kent	\$ 7,944,702,351	57.15 %	\$ 46,558	\$ 789,232	\$ 205,000	\$ 1,040,790	\$ 1,027,339
City of London	1,612,833,003	11.60	9,451	160,220	-	169,671	166,598
Dutton/Dunwich	501,414,439	3.61	2,938	49,811	-	52,749	51,487
West Elgin	611,103,204	4.39	3,582	60,707	-	64,289	63,368
Strathroy-Caradoc	829,906,248	5.97	4,864	82,443	-	87,307	84,874
Middlesex Centre	228,888,737	1.65	1,341	22,738	-	24,079	22,991
Southwest Middlesex	413,456,184	2.97	2,423	41,073	-	43,496	42,609
Town of Leamington	318,264,924	2.29	1,865	31,617	-	33,482	32,666
Southwold	149,701,438	1.08	878	14,871	-	15,749	15,439
Town of Lakeshore	1,291,295,786	9.29	7,567	128,278	-	135,845	131,410
	<u>\$13,901,566,314</u>	<u>100.00 %</u>	<u>\$ 81,467</u>	<u>\$ 1,380,990</u>	<u>\$ 205,000</u>	<u>\$ 1,667,457</u>	<u>\$ 1,638,781</u>