

LOWER THAMES VALLEY CONSERVATION AUTHORITY

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

DECEMBER 31, 2023

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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, 2023, 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, 2023, and the results of its 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.

Chatham, Ontario
March 25, 2024

Baker Tilly CK, LLP

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

LOWER THAMES VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2023



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LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|-----------------------------|-------------------|-------------------|
| REVENUES | | | |
| Municipal levies, Schedule 9 | \$ 1,786,955 | \$ 1,786,955 | \$ 1,711,624 |
| Miscellaneous income | - | - | 12,515 |
| Grants (note 13) | 1,632,279 | 1,643,179 | 2,091,948 |
| Government grants - special projects | 9,808 | 15,015 | 38,501 |
| Direct benefiting (note 13) | 365,200 | 489,896 | 518,389 |
| Rental recoveries | - | 96,774 | 120,964 |
| Oil and gas royalties | - | 8,099 | 9,101 |
| Interest income | - | 182,187 | 73,904 |
| Foundation revenue | - | 2,588 | 3,556 |
| Conservation area revenues | 333,250 | 543,797 | 507,086 |
| Mapping revenue | - | 32,684 | 55,578 |
| Donations | - | 1,971 | 201 |
| Ska-Nah-Doht Village, Schedule 1 | 72,992 | 104,753 | 78,389 |
| | <u>4,200,484</u> | <u>4,907,898</u> | <u>5,221,756</u> |
| EXPENDITURES (note 13) | | | |
| Ska-Nah-Doht Village, Schedule 1 | 145,817 | 94,719 | 125,697 |
| Source protection, Schedule 2 | 30,519 | 20,117 | 23,897 |
| Watershed monitoring, Schedule 3 | 205,314 | 92,301 | 149,366 |
| Flood control structures, Schedule 4 | 366,858 | 352,893 | 303,018 |
| Flood forecasting and warning, Schedule 5 | 132,280 | 109,358 | 112,989 |
| Regulations and plan review, Schedule 6 | 485,410 | 449,277 | 433,374 |
| Conservation services - Stewardship, Schedule 7 | 1,902,156 | 2,157,459 | 2,343,981 |
| Maintenance and other non-eligible, Schedule 8 | 932,130 | 1,195,608 | 1,268,015 |
| | <u>4,200,484</u> | <u>4,471,732</u> | <u>4,760,337</u> |
| ANNUAL SURPLUS BEFORE AMORTIZATION AND OTHER INCOME (EXPENSE) | <u>-</u> | <u>436,166</u> | <u>461,419</u> |
| AMORTIZATION AND OTHER INCOME (EXPENSE) | | | |
| Amortization of tangible capital assets | - | (271,095) | (255,593) |
| Gain on sale of tangible capital assets (note 5) | - | 4,316 | 9,950 |
| Amortization of deferred capital contributions (note 8) | - | 51,506 | 40,015 |
| Writedown of tangible capital assets (note 5) | - | (7,189) | (5,795) |
| | <u>-</u> | <u>(222,462)</u> | <u>(211,423)</u> |
| ANNUAL SURPLUS | <u>\$ -</u> | <u>\$ 213,704</u> | <u>\$ 249,996</u> |

LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2023

| | INVESTMENT IN TANGIBLE CAPITAL ASSETS (note 10) | RESERVES (notes 10 and 12) | OTHER (note 10) | Total 2023 | Total 2022 |
|---|---|----------------------------------|--------------------|---------------------|---------------------|
| BALANCE, BEGINNING OF YEAR | \$ 6,551,321 | \$ 517,969 | \$ 838,748 | \$ 7,908,038 | \$ 7,658,042 |
| Annual surplus (deficit) (note 11) | 292,970 | - | (79,266) | 213,704 | 249,996 |
| Transfer from reserves (note 12) | - | 8,099 | (8,099) | - | - |
| BALANCE, END OF YEAR | <u>\$ 6,844,291</u> | <u>\$ 526,068</u> | <u>\$ 751,383</u> | <u>\$ 8,121,742</u> | <u>\$ 7,908,038</u> |

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

| | 2023 | 2022 |
|---|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash (note 3) | \$ 2,681,565 | \$ 2,176,974 |
| Accounts receivable (note 13) | 1,208,965 | 1,217,294 |
| Loan receivable from related party (notes 4 and 13) | 75,000 | - |
| | <u>3,965,530</u> | <u>3,394,268</u> |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities (notes 6 and 13) | 642,642 | 271,416 |
| Deferred revenue (note 7) | 1,465,954 | 1,539,420 |
| Deferred capital contributions (note 8) | 608,984 | 254,221 |
| | <u>2,717,580</u> | <u>2,065,057</u> |
| NET FINANCIAL ASSETS (note 9) | <u>1,247,950</u> | <u>1,329,211</u> |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses | 29,501 | 27,507 |
| Tangible capital assets (note 5) | 6,844,291 | 6,551,320 |
| | <u>6,873,792</u> | <u>6,578,827</u> |
| ACCUMULATED SURPLUS (note 10) | <u>\$ 8,121,742</u> | <u>\$ 7,908,038</u> |
| COMMITMENTS (note 17) | | |

ON BEHALF OF THE BOARD

Sarah Emson Chair

Andrew Stann Vice Chair

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

| | 2023 | 2022 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 213,704 | \$ 249,996 |
| Adjustments for | | |
| Amortization of tangible capital assets | 271,095 | 255,593 |
| Loss (gain) on sale of tangible capital assets (note 5) | (4,316) | (9,950) |
| Writedown of tangible capital assets (note 5) | 7,189 | 5,795 |
| Amortization of deferred capital contributions (note 8) | <u>(51,506)</u> | <u>(40,015)</u> |
| | 436,166 | 461,419 |
| Change in non-cash working capital items (note 14) | <u>304,094</u> | <u>(26,395)</u> |
| | <u>740,260</u> | <u>435,024</u> |
| INVESTING ACTIVITY | | |
| Advances to related party | (75,000) | - |
| FINANCING ACTIVITY | | |
| Tangible capital assets funded by capital contributions | <u>406,269</u> | <u>121,935</u> |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (571,254) | (204,455) |
| Proceeds on sale of tangible capital assets | 4,316 | 9,950 |
| | <u>(566,938)</u> | <u>(194,505)</u> |
| INCREASE IN CASH | 504,591 | 362,454 |
| CASH, BEGINNING OF YEAR | <u>2,176,974</u> | <u>1,814,520</u> |
| CASH, END OF YEAR | <u>\$ 2,681,565</u> | <u>\$ 2,176,974</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

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

(a) CASH

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

(b) LOANS RECEIVABLE

The Authority initially measures loans receivable originated or exchanged in arm's length transactions at fair value. Loans receivable originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Authority is in the capacity of management, are initially measured at cost. Loans receivable are subsequently measured at cost.

Loans receivable are reviewed for impairment whenever events or changes in the circumstances indicate that the loan balance may not be recoverable. The amount of the write-down, if any, is recognized in the annual surplus.

Loans receivable held by the Authority are non-interest bearing.

(c) 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 | 10-50 years |
| Equipment | 5-40 years |
| Automotive | 6-25 years |
| Furniture and fixtures | 10 years |
| Computer equipment | 3 years |

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) TANGIBLE CAPITAL ASSETS, continued

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.

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued**(e) 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, including direct benefiting revenues, 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.

Conservation area revenues, mapping revenues, rental recoveries, royalties, interest revenue, and other income are recognized as they are earned.

(f) 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.

(g) 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.

(h) 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.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) FINANCIAL INSTRUMENTS

Financial instruments are financial assets or liabilities of the Authority where, in general, the Authority has the right to receive cash or another financial asset from another party or the Authority has the obligation to pay another party cash or other financial assets.

The Authority's financial assets consist of cash, accounts receivable and loan receivable from related party.

The Authority's financial liabilities consist of accounts payable and accrued liabilities, deferred revenue and deferred capital contributions.

The Authority initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Authority is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If repayment terms exist, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Authority in the transaction.

The Authority subsequently measures all its financial assets and financial liabilities at amortized cost. The Authority does not use derivative instruments.

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in the annual surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the annual surplus.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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 tangible capital assets, amortization of tangible capital assets, 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 known, 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% per annum and is unsecured. At year end, \$nil, (2022 - \$nil) of this demand operating credit line has been used.

4. LOAN RECEIVABLE FROM RELATED PARTY

The loan receivable due from the Lower Thames Valley Conservation Foundation is unsecured and non-interest bearing. The loan is to be repaid in full in one lump sum by December 31, 2024 and, accordingly, has been classified as short-term in the accompanying financial statements.

5. TANGIBLE CAPITAL ASSETS

| | <u>2023</u> | | <u>2022</u> | |
|--------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Cost</u> | <u>Accumulated amortization</u> |
| Land | \$ 3,698,006 | \$ - | \$ 3,698,006 | \$ - |
| Buildings | 7,509,709 | 5,134,887 | 7,453,019 | 4,970,196 |
| Equipment | 958,265 | 846,739 | 944,995 | 802,168 |
| Automotive | 536,667 | 408,929 | 518,821 | 387,239 |
| Furniture and fixtures | 110,683 | 73,029 | 99,540 | 64,946 |
| Computer equipment | 105,908 | 46,380 | 76,005 | 61,296 |
| Construction in progress | 435,017 | - | 46,779 | - |
| | <u>13,354,255</u> | <u>6,509,964</u> | <u>12,837,165</u> | <u>6,285,845</u> |
| Net book value | <u>\$ 6,844,291</u> | | <u>\$ 6,551,320</u> | |

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

5. TANGIBLE CAPITAL ASSETS, continued

During the year, the Authority acquired \$nil, (2022 - \$nil) of land, \$65,905, (2022 - \$43,727) of buildings, \$13,270, (2022 - \$41,130) of equipment, \$30,183, (2022 - \$39,216) of automotive equipment, \$11,143, (2022 - \$19,377) of furniture and fixtures, \$62,515, (2022 - \$14,226) of computer equipment, and \$388,238, (2022 - \$46,779) of construction in progress tangible capital assets.

During the year, the Authority disposed of automotive equipment with a cost of \$12,337, (2022 - \$27,834) and accumulated amortization of \$12,337, (2022 - \$27,834) for cash proceeds of \$4,316, (2022 - \$9,950). This disposal resulted in a gain on sale being recognized in the amount of \$4,316, (2022 - \$9,950).

During the year, the Authority wrote off buildings with a cost of \$9,215, (2022 - \$nil) and accumulated amortization of \$2,026, (2022 - \$nil), equipment with a cost of \$nil, (2022 - \$51,300) and accumulated amortization of \$nil, (2022 - \$47,380), furniture and fixtures with a cost of \$nil, (2022 - \$2,500) and accumulated amortization of \$nil, (2022 - \$625), automotive equipment with a cost of \$nil, (2022 - \$nil) and accumulated amortization of \$nil, (2022 - \$nil), and computer equipment with a cost of \$32,612, (2022 - \$20,863) and accumulated amortization of \$32,612, (2022 - \$20,863). In the opinion of management, these assets were no longer being used by the Authority and provided no future economic benefit. These writedowns resulted in the Authority recognizing an impairment loss of \$7,189, (2022 - \$5,795) in the current year. The impairment loss was recorded in other income on the statement of operations.

The balance in construction in progress tangible capital assets relates to costs incurred for the upgrades being performed on the Longwoods Resource Centre. At December 31, 2023, these upgrades were not yet completed. The assets will be placed into service as construction is completed. These construction costs are not being amortized.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2023</u> | <u>2022</u> |
|--------------------------------|-------------------|-------------------|
| Accounts payable | \$ 510,102 | \$ 125,222 |
| Accrued liabilities | 119,571 | 132,277 |
| Government remittances payable | <u>12,969</u> | <u>13,917</u> |
| | <u>\$ 642,642</u> | <u>\$ 271,416</u> |

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 are performed.

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Balance, beginning of year | \$ 1,539,420 | \$ 1,224,039 |
| Amounts received and deferred in the year | 1,148,441 | 1,633,516 |
| Amounts recognized as revenue in the year | <u>(1,221,907)</u> | <u>(1,318,135)</u> |
| Balance, end of year | <u>\$ 1,465,954</u> | <u>\$ 1,539,420</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>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Opening balance | \$ 254,221 | \$ 172,301 |
| Amount received during the year | 406,269 | 121,935 |
| Less: amount recognized in revenue in the year | <u>(51,506)</u> | <u>(40,015)</u> |
| | <u>\$ 608,984</u> | <u>\$ 254,221</u> |

9. CHANGES IN NET FINANCIAL ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Net financial assets, beginning of year | \$ 1,329,211 | \$ 1,029,848 |
| Annual surplus (deficit) | 213,704 | 249,996 |
| Change in tangible capital assets | (292,971) | 56,933 |
| Change in prepaid expenses | <u>(1,994)</u> | <u>(7,566)</u> |
| Net financial assets, end of year | <u>\$ 1,247,950</u> | <u>\$ 1,329,211</u> |

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

10. ACCUMULATED SURPLUS

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|---------------------|
| Investment in tangible capital assets | \$ 6,844,291 | \$ 6,551,321 |
| Reserves | 526,068 | 517,969 |
| Other | <u>751,383</u> | <u>838,748</u> |
| | <u>\$ 8,121,742</u> | <u>\$ 7,908,038</u> |

11. CHANGE IN TANGIBLE CAPITAL ASSETS

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|--------------------|
| Acquisition of tangible capital assets | \$ 571,254 | \$ 204,455 |
| Amortization of tangible capital assets | (271,095) | (255,593) |
| Gain on sale of capital assets | 4,316 | 9,950 |
| Proceeds on disposition of tangible capital assets | (4,316) | (9,950) |
| Loss on writedown of tangible capital assets | <u>(7,189)</u> | <u>(5,795)</u> |
| | <u>\$ 292,970</u> | <u>\$ (56,933)</u> |

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

12. 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 | 184,986 | 4,050 | - | 189,036 |
| Reserve for provincially eligible and mandated projects | 40,058 | 4,049 | - | 44,107 |
| 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>\$ 517,969</u> | <u>\$ 8,099</u> | <u>\$ -</u> | <u>\$ 526,068</u> |

Through acceptance of these financial statements, the Board of Directors approves a transfer of \$8,099, (2022 - \$9,101) from the annual surplus to reserve accounts and approved a transfer of \$nil, (2022 - \$nil) from reserve accounts to the statement of operations.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

13. 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 \$9,707, (2022 - \$10,251) due from related parties.

Included in accounts payable at year end is \$7,488, (2022 - \$4,173) due to related parties.

During the year, the Authority made tree sales of \$4,779, (2022 - \$6,433) to related parties and received grant income of \$nil, (2022 - \$6,394) from related parties.

During the year, the Authority paid \$2,000, (2022 - \$nil) in honorariums to the chair of the board of directors. These fees were allocated to administration overhead in the relevant program areas.

Related party transactions are recorded at the exchange amount, being the consideration agreed to by the related parties. 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 payable and accounts receivable are held at normal trade terms.

14. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|--------------------|
| Accounts receivable | \$ 8,329 | \$ (193,122) |
| Accounts payable and accrued liabilities | 371,225 | (141,088) |
| Deferred revenue | (73,466) | 315,381 |
| Prepaid expenses | <u>(1,994)</u> | <u>(7,566)</u> |
| | <u>\$ 304,094</u> | <u>\$ (26,395)</u> |

15. BUDGET FIGURES

The figures shown in the 'budget' column of the statement of operations and schedules to the financial statements are provided for information purposes only. The budget was prepared and approved by the board of directors of the Lower Thames Valley Conservation Authority and is unaudited.

16. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

17. COMMITMENTS

As at December 31, 2023, the Authority has outstanding commitments of approximately \$768,590 with respect to the construction on the resource centre at the Longwoods Road Conservation Area. It is anticipated that construction will be completed within the next fiscal year. Subsequent to year end, additional payments of \$349,365 have been made in relation to this commitment.

As at December 31, 2023, the Authority has outstanding commitments related to program delivery for a soil health assessment plan pilot project and for the development and implementation of an agricultural management plan and surface water quality monitoring program totaling \$52,000. These commitments will be paid in full by March 31, 2024.

18. 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.

(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.

18. FINANCIAL INSTRUMENTS, continued

(c) CONCENTRATION OF CREDIT RISK

Concentration risk is the risk that a party 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 parties. At December 31, 2023, receivables from 2, (2022 - 1) parties comprised approximately 29%, (2022 - 32%) 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 accounts receivable 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.

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF SKA-NAH-DOHT VILLAGE REVENUE AND EXPENDITURES **Schedule 1**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| REVENUE | | | |
| Donations | \$ - | \$ 456 | \$ 816 |
| Gate receipts | 50,000 | 62,073 | 54,576 |
| Grants | 22,992 | 42,224 | 22,997 |
| | 72,992 | 104,753 | 78,389 |
| EXPENDITURES | | | |
| Administration overhead | 17,959 | 11,428 | 12,647 |
| Advertising | - | 25 | - |
| Events and activities | - | 633 | 329 |
| Materials, supplies, taxes, insurance, utilities | 7,350 | 2,916 | 2,838 |
| Wages and benefits | 120,508 | 79,717 | 109,883 |
| | 145,817 | 94,719 | 125,697 |
| ANNUAL SURPLUS (DEFICIT) | \$ (72,825) | \$ 10,034 | \$ (47,308) |

SCHEDULE OF SOURCE PROTECTION EXPENDITURES **Schedule 2**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ - | \$ 2,427 | \$ 2,404 |
| Travel, materials, taxes, insurance, and utilities | - | 126 | - |
| Wages and benefits | 30,519 | 17,564 | 21,493 |
| | \$ 30,519 | \$ 20,117 | \$ 23,897 |

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF WATERSHED MONITORING EXPENDITURES **Schedule 3**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|---|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ 25,287 | \$ 11,136 | \$ 15,028 |
| Travel, materials, taxes, insurance and utilities | 48,531 | 37,809 | 45,870 |
| Wages and benefits | 131,496 | 43,356 | 88,468 |
| | <u>\$ 205,314</u> | <u>\$ 92,301</u> | <u>\$ 149,366</u> |

SCHEDULE OF FLOOD CONTROL STRUCTURES EXPENDITURES **Schedule 4**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ 45,183 | \$ 42,576 | \$ 30,488 |
| Travel, materials, taxes, insurance, and utilities | 61,636 | 93,550 | 100,297 |
| Wages and benefits | 260,039 | 216,767 | 172,233 |
| | <u>\$ 366,858</u> | <u>\$ 352,893</u> | <u>\$ 303,018</u> |

SCHEDULE OF FLOOD FORECASTING AND WARNING EXPENDITURES **Schedule 5**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ 16,292 | \$ 13,194 | \$ 11,368 |
| Travel, materials, taxes, insurance, and utilities | 25,870 | 15,450 | 12,850 |
| Wages and benefits | 90,118 | 80,714 | 88,771 |
| | <u>\$ 132,280</u> | <u>\$ 109,358</u> | <u>\$ 112,989</u> |

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF REGULATIONS AND PLAN REVIEW EXPENDITURES **Schedule 6**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ 59,785 | \$ 54,265 | \$ 43,745 |
| Travel, materials, taxes, insurance, and utilities | 43,719 | 53,942 | 38,131 |
| Wages and benefits | <u>381,906</u> | <u>341,070</u> | <u>351,498</u> |
| | <u>\$ 485,410</u> | <u>\$ 449,277</u> | <u>\$ 433,374</u> |

SCHEDULE OF CONSERVATION SERVICES - STEWARDSHIP EXPENDITURES **Schedule 7**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead | \$ 234,277 | \$ 260,232 | \$ 235,689 |
| Travel, materials, taxes, insurance, and utilities | 768,331 | 1,016,205 | 1,258,261 |
| Wages and benefits | <u>899,548</u> | <u>881,022</u> | <u>850,031</u> |
| | <u>\$ 1,902,156</u> | <u>\$ 2,157,459</u> | <u>\$ 2,343,981</u> |

SCHEDULE OF MAINTENANCE AND OTHER NON-ELIGIBLE EXPENDITURES **Schedule 8**

| | 2023 Budget (note 15) | 2023 Actual | 2022 Actual |
|-------------------------------|--------------------------------------|------------------------|------------------------|
| Community relations | \$ 185,449 | \$ 106,575 | \$ 144,856 |
| Conservation area maintenance | 712,741 | 914,456 | 957,074 |
| Conservation education | 33,940 | 40,960 | 21,748 |
| Vehicle and equipment | <u>-</u> | <u>133,617</u> | <u>144,337</u> |
| | <u>\$ 932,130</u> | <u>\$ 1,195,608</u> | <u>\$ 1,268,015</u> |

**LOWER THAMES VALLEY CONSERVATION AUTHORITY
SCHEDULES TO THE FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2023

MUNICIPAL LEVY FOR 2023

Schedule 9

| MUNICIPALITY | CURRENT VALUE ASSESSMENT IN THE WATERSHED | % OF LEVY | MATCHING LEVY 2023 | NON- MATCHING LEVY 2023 | SPECIAL LEVY 2023 | TOTAL LEVY 2023 | TOTAL LEVY 2022 |
|-------------------------------|---|-------------------|--------------------------|----------------------------------|-------------------------|------------------------|--------------------|
| Chatham-Kent | \$ 8,502,941,863 | 56.5106 % | 46,038 \$ | 847,933 \$ | 205,000 | \$ 1,098,971 \$ | 1,058,821 |
| Dutton-Dunwich | 554,180,029 | 3.6831 % | 3,001 | 55,264 | - | 58,265 | 55,738 |
| Lakeshore | 1,434,366,637 | 9.5328 % | 7,766 | 143,039 | - | 150,805 | 143,038 |
| Leamington | 356,697,324 | 2.3706 % | 1,931 | 35,571 | - | 37,502 | 35,651 |
| London | 1,740,841,749 | 11.5696 % | 9,425 | 173,601 | - | 183,026 | 174,419 |
| Middlesex Centre Southwest | 255,957,269 | 1.7011 % | 1,386 | 25,524 | - | 26,910 | 25,220 |
| Middlesex | 452,526,174 | 3.0075 % | 2,450 | 45,127 | - | 47,577 | 44,901 |
| Southwold | 172,076,120 | 1.1436 % | 932 | 17,160 | - | 18,092 | 16,662 |
| Strathroy-Caradoc | 930,218,792 | 6.1822 % | 5,036 | 92,764 | - | 97,800 | 91,962 |
| West Elgin | 646,846,548 | 4.2989 % | 3,502 | 64,505 | - | 68,007 | 65,212 |
| | <u>\$15,046,652,505</u> | <u>100.0000 %</u> | <u>81,467 \$</u> | <u>1,500,488 \$</u> | <u>205,000</u> | <u>\$ 1,786,955 \$</u> | <u>1,711,624</u> |