

Financial Statements of

**NOTTAWASAGA VALLEY  
CONSERVATION AUTHORITY**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Nottawasaga Valley Conservation Authority

### ***Opinion***

We have audited the accompanying financial statements of Nottawasaga Valley Conservation Authority (the "Authority"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2022, and its results of operations and accumulated surplus, its changes in net financial assets 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 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 Responsibility 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 the 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.



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- 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 28, 2023

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 2,494,435	\$ 3,925,434
Accounts receivable (note 2)	511,934	263,973
Investments (note 3)	2,040,932	-
	<u>5,047,301</u>	<u>4,189,407</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	547,155	500,328
Deferred revenue (note 5)	1,904,304	1,496,405
	<u>2,451,459</u>	<u>1,996,733</u>
Net financial assets	2,595,842	2,192,674
<b>Non-Financial Assets</b>		
Tangible capital assets (note 4)	8,682,506	8,712,545
Prepaid expenses	61,403	47,690
	<u>8,743,909</u>	<u>8,760,235</u>
Contingent liabilities (note 8)		
Commitments (note 14)		
Accumulated surplus (note 6)	\$ 11,339,751	\$ 10,952,909

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ CAO/Secretary - Treasurer

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 12)	2022 Total	2021 Total
<b>Revenue:</b>			
Municipal levies			
- general matching	\$ 97,307	\$ 97,307	\$ 97,307
- general non-matching	2,655,427	2,646,427	2,562,542
- special	11,000	3,000	3,000
Municipal grants	49,000	142,110	100,122
<b>Total municipal funding</b>	<b>2,812,734</b>	<b>2,888,844</b>	<b>2,762,971</b>
Government - provincial grants (schedule)	369,807	404,096	334,824
- federal grants (schedule)	125,100	233,893	947,388
User fees (schedule)	1,399,490	1,596,885	1,302,434
Contributions and donations	470,940	815,983	485,093
Interest income	25,000	74,479	11,903
Miscellaneous	-	77,624	755
Gain on disposition of capital assets	-	10,903	-
	5,203,071	6,102,707	5,845,368
<b>Expenses: (note 9)</b>			
Planning services	1,418,356	1,452,004	1,357,656
Administrative support	542,016	603,123	562,770
Healthy waters	602,433	843,888	608,578
Reforestation	417,564	398,407	343,232
Flood forecast and warning	327,582	297,693	271,833
Tiffin Centre infrastructure maintenance	340,476	357,023	300,556
Corporate governance	326,332	326,332	334,499
Watershed science	463,467	487,089	452,460
Environmental education	180,396	250,193	219,045
GIS technical support	275,410	294,492	266,175
Conservation lands	201,099	276,774	248,579
Workshop vehicles and equipment	-	-	168
Engineering and technical services	-	128,847	79,717
	5,095,131	5,715,865	5,045,268
<b>Annual surplus</b>	<b>107,940</b>	<b>386,842</b>	<b>800,100</b>
<b>Accumulated surplus, beginning of year</b>	<b>10,952,909</b>	<b>10,952,909</b>	<b>10,152,809</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 11,060,849</b>	<b>\$ 11,339,751</b>	<b>\$ 10,952,909</b>

See accompanying notes to financial statements.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 12)	2022 Total	2021 Total
Annual surplus	\$ 107,940	\$ 386,842	\$ 800,100
Acquisition of tangible capital assets	(224,125)	(197,333)	(65,801)
Amortization of tangible capital assets	120,000	224,026	198,974
Proceeds on disposition of tangible capital assets	-	14,249	-
Loss (gain) on disposition of tangible capital assets	-	(10,903)	254
	3,815	416,881	933,527
Acquisition of prepaid expenses	-	(61,403)	(47,690)
Use of prepaid expenses	-	47,690	39,333
	-	(13,713)	(8,357)
Change in net financial assets	3,815	403,168	925,170
Net financial assets, beginning of year	2,192,674	2,192,674	1,267,504
Net financial assets, end of year	\$ 2,196,489	\$ 2,595,842	\$ 2,192,674

See accompanying notes to financial statements.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from operating activities:		
Annual surplus	\$ 386,842	\$ 800,100
Items not involving cash:		
Amortization of tangible capital assets	224,026	198,974
Loss (gain) on disposition of capital assets	(10,903)	254
	599,965	999,328
Changes in non-cash working capital:		
Accounts receivable	(247,961)	(8,033)
Prepaid expenses	(13,713)	(8,357)
Accounts payable and accrued liabilities	46,827	18,942
Deferred revenue	407,899	337,698
	793,017	1,339,578
Investing activities:		
Redemption (purchase) of investments	(2,040,932)	522,186
	(2,040,932)	522,186
Capital activities:		
Purchase of tangible capital assets	(197,333)	(65,801)
Proceeds on disposition of tangible capital assets	14,249	-
	(183,084)	(65,801)
Increase (decrease) in cash	(1,430,999)	1,795,963
Cash, beginning of year	3,925,434	2,129,471
Cash, end of year	\$ 2,494,435	\$ 3,925,434

See accompanying notes to financial statements.



# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Notes to Financial Statements

Year ended December 31, 2022

Nottawasaga Valley Conservation Authority (the "Authority") is a land and water management agency established under the provisions of the Conservation Authorities Act of Ontario. The Authority is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

### 1. Significant accounting policies:

The financial statements for the Authority are the responsibility of and prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, that sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), excluding Sections PS4200 and PS4270, with the following significant accounting policies:

(a) Basis of accounting:

The financial statements are prepared using an accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, designed and engineering fees, legal fees and site preparation costs. Contributed capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is being recorded at the following rates and methods commencing once the asset is available for productive use as follows:

Asset	Basis	Rate
Small equipment	Declining-balance	20%
Equipment and vehicles	Declining-balance	25%
Computer equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	10 years
Site utilities	Straight-line	15 years
Buildings	Straight-line	50 years
Dam and structures	Straight-line	50 years

Tangible capital assets are written down when conditions indicate they are no longer able to contribute to the Authority's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital asset are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

(c) Cash:

Cash consists of cash on hand.

(d) Deferred revenue:

Funds received for specific purposes which are for future services are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which services are provided.

(e) Pension plan:

The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

(f) Reserves:

The Authority internally allocates its accumulated surplus to capital reserves to finance the cost of tangible capital assets, purchases, maintenance and related expenditures and operating reserves in order to ensure funds are available for financial relief in the event of a significant loss of revenues or other financial emergency for which no other source of funding is available. These reserve allocations are directed by the Board of Directors of the Authority.

(g) Revenue recognition:

Provincial, federal and municipal grant funding revenues are recognized in the year to which the program relates and when the related expenses are incurred. Amounts unused at year end are deferred to subsequent years. Municipal levies are recognized in the year they are levied to member municipalities. User fees are recognized as revenue over the period the services are performed. Other revenues are recognized when they are received or receivable and collectability is reasonably assured.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (h) Use of estimates:

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of tangible capital assets, the allowance for doubtful accounts and deferred revenue. Actual results could differ from those estimates.

## 2. Accounts receivable:

	2022	2021
HST recoverable	\$ 18,201	\$ 10,572
Fees for services and other	399,791	207,575
Government grants	107,492	59,376
Allowance for doubtful accounts	(13,550)	(13,550)
	<u>\$ 511,934</u>	<u>\$ 263,973</u>

## 3. Investments:

The investment bears interest at a rate of 3.78% with maturity date of January 23, 2023.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2022

## 4. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2022
Land	\$ 6,499,787	\$ -	\$ -	\$ 6,499,787
Buildings	1,978,239	-	-	1,978,239
Dams and structures	3,063,418	-	-	3,063,418
Site utilities	642,149	-	-	642,149
Equipment and vehicles	457,667	49,598	23,903	483,362
Small equipment	273,181	96,871	31,834	338,218
Computer equipment	258,697	48,292	54,121	252,868
Furniture and fixtures	264,444	2,572	-	267,016
<b>Total</b>	<b>\$ 13,437,582</b>	<b>\$ 197,333</b>	<b>\$ 109,858</b>	<b>\$ 13,525,057</b>

Accumulated Amortization	Balance at December 31, 2021	Disposals and Write-offs	Amortization Expense	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings	884,802	-	39,106	923,908
Dams and structures	2,293,807	-	54,910	2,348,717
Site utilities	557,059	-	16,440	573,499
Equipment and vehicles	372,085	(23,904)	33,794	381,975
Small equipment	204,655	(28,487)	32,412	208,580
Computer equipment	180,829	(54,121)	39,231	165,939
Furniture and fixtures	231,800	-	8,133	239,933
<b>Total</b>	<b>\$ 4,725,037</b>	<b>\$ (106,512)</b>	<b>\$ 224,026</b>	<b>\$ 4,842,551</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 6,499,787	\$ 6,499,787
Buildings	1,093,437	1,054,331
Dams and structures	769,611	714,701
Site utilities	85,090	68,650
Equipment and vehicles	85,582	101,387
Small equipment	68,526	129,638
Computer equipment	77,868	86,929
Furniture and fixtures	32,644	27,083
<b>Total</b>	<b>\$ 8,712,545</b>	<b>\$ 8,682,506</b>

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Deferred revenue:

Revenue from the following sources received that were unexpended for the year have been deferred:

	2022	2021
Unearned project revenue	\$ 63,930	\$ 65,738
Forestry – follow-up tending	38,744	42,639
Water and Erosion Control Infrastructure	35,886	–
Canada Healthy Communities	89,668	–
Health Waters Project Levy	69,551	60,551
Subdivision and condominium fees	539,275	496,133
Site planning	137,971	148,875
H John McDonald Foundation	78,280	73,110
Other	76,268	43,721
Department of Fisheries and Oceans	–	24,164
Compensation Funds	638,336	437,178
Forests Ontario	98,372	43,373
WWF	24,153	35,438
TD Friends of the Environment	13,870	25,485
	<u>\$ 1,904,304</u>	<u>\$ 1,496,405</u>

## 6. Accumulated surplus:

	2022	2021
Internally restricted reserves (note 9)	\$ 2,681,863	\$ 2,251,622
Investments in tangible capital assets	8,657,887	8,701,287
	<u>\$ 11,339,750</u>	<u>\$ 10,952,909</u>

## 7. Credit facilities:

The Authority has a demand loan facility with Scotiabank. This credit facility has an authorized credit limit of \$500,000 (2021 - \$500,000) and bears interest at the bank's prime rate less 0.5%. There is no balance outstanding on the demand loan facility as at December 31, 2022 (2021 - \$Nil).

## 8. Contingent liabilities:

### *Legal actions and claims:*

The Authority has received statements of claim as defendant under various legal actions resulting from its involvement in land purchases, fatalities, personal injuries and flooding on or adjacent to its properties. The Authority maintains insurance coverage against such risks and has notified its insurers of the legal actions and claims. It is not possible at this time to determine the outcome of these claims and, therefore, no provision has been made in these financial statements.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 9. Internally restricted reserve funds:

Appropriations are made from accumulated surplus to various reserve funds upon approval of the Board of Directors.

### *Operational Reserve:*

The Operational Reserve was established to provide funds to purchase equipment as required.

### *Forestry Reserve:*

The Forestry Reserve was established to provide funds to support the Forestry Program.

### *Watershed Science*

The Watershed Science Reserve was established to provide funds to the Watershed Science Program.

### *Environmental Education Reserve:*

The Environmental Education Reserve was established to cover future environmental equipment and material purchases.

### *Human Resources Reserve:*

The Human Resources Reserve was established to provide funds to cover human resource issues.

### *New Lowell Reserve Fund:*

The New Lowell Reserve Fund was established to cover future capital expenses for the New Lowell campground.

### *Capital Repair and Replacement Reserve:*

The Capital Repair and Replacement Reserve was established to cover future capital expenses.

### *Healthy Waters Reserve:*

The Healthy Waters Reserve was established to cover future expenses for the Healthy Waters program.

### *Land Management Acquisition Reserve:*

The Land Management Acquisition Reserve was established to assist with acquisitions of significant or environmentally sensitive lands. The reserve would compliment the ongoing acquisition program and partnership arrangements with Nature Conservancy Canada and the Ministry of Natural Resources for Minesing Swamp and Niagara Escarpment lands.

### *Planning Reserve:*

The Planning Reserve was established to cover legal activities and unexpected variations in planning revenue.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 9. Internally restricted reserve funds (continued):

The internally restricted reserve funds consist of the following:

	2022	2021
Operational reserve fund	\$ 721,136	\$ 628,160
Forestry reserve fund	26,046	21,576
Watershed reserve fund	36,208	35,219
Environmental education fund	27,616	14,412
Human resources reserve fund	699,931	606,956
New Lowell reserve fund	33,267	30,873
Capital repair and replacement reserve fund	915,472	813,601
Healthy waters reserve fund	78,152	61,123
Land management acquisition reserve fund	39,701	39,702
Site planning reserve fund	104,334	—
Total internally restricted reserve funds	\$ 2,681,863	\$ 2,251,622

## 10. Expenses by object:

	2022	2021
Wages and benefits	\$ 4,067,401	\$ 3,724,338
Purchased supplies	928,992	645,820
Professional and consulting fees	108,844	136,683
Amortization of tangible capital assets	224,026	198,974
Occupancy costs	219,298	180,817
Travel and vehicle	37,617	37,648
Office supplies and expenses	27,520	27,340
Education and training	16,867	10,159
Licenses, memberships and dues	38,877	41,956
Advertising	11,710	12,465
Interest and bank	34,713	29,068
	\$ 5,715,865	\$ 5,045,268

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 11. Pension plan:

OMERS provides pension services to more than 525,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial net assets at that date of \$123,628 million (2021 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 million). As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2022 was \$285,290 (2021 - \$268,710) and is included as an expense in the statement of operations and accumulated surplus.

## 12. Budget figures:

The budget adopted by the Board on December 10, 2021 includes the annual budget for capital additions and reserve transfers which are not reflected in the 2022 actual figures within the statement of operations. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by the Board with adjustment as follows:

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Annual Surplus per budget approved by the Board	\$ -
Less: Contributions to reserves	(116,185)
Add: Capital additions	224,125
Surplus per financial statements	\$ 107,940

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## 13. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide disclosures established by this section when their operations are diverse enough to warrant such disclosures.

The presentation of the items on the statement of operations and included within note 9 are considered sufficient to meet the requirements of PS2700, Segment Disclosures.



# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 14. Commitments:

### *Lease obligations:*

The Authority is presently leasing equipment with a quarterly rental payment of \$2,485 which matures in 2026. The minimum lease payments required over the next five years are as follows:

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2023	\$	9,940
2024		9,940
2025		9,940
2026		4,971
	\$	34,791

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### *Rental arrangements:*

The Authority leases five pieces of property to three local municipalities and two not-for-profit organizations for no financial consideration. Under the terms of the agreements the municipalities and the not-for-profit organizations are responsible for all costs associated with their respective properties. The leases may be terminated by either party with written notice. The agreement with one local municipality extends to 2023 and the remaining two agreements with the local municipalities each extend to 2023 and 2025. The agreements with the two not-for-profit organizations extend to 2022 and 2023 respectively.

The Authority leases the New Lowell Campground and Conservation Park to two individuals who manage the park. Under the terms of the agreement which extends to April 14, 2023, the managers will pay the Authority a lease amount equal to \$18,815 plus HST per year with an additional 3% increase every year. The lease has a five year renewal option with the understanding that one year's notice must be given by either party to terminate the lease. The Authority is responsible for property taxes and property insurance while the managers are responsible for operational costs. Capital projects are paid for by the managers and become the property of the Authority.

The Authority leases various agricultural lands to farmers for minimal financial consideration under the terms of two agreements which both expire in 2024. The minimum future rental income to be received related to these leases varies depending on the tenant.

## 15. Comparative information:

Certain 2022 comparative information has been reclassified where necessary to conform to the current year presentation.

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 16. Financial risks and concentration of risks:

Transaction in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Authority is exposed to the following risks associated with financial instruments and transactions it is a party to:

a) Credit risk:

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to this risk relating to its cash and accounts receivable.

The Authority holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote. Receivables consist of balances due from government agencies and the risk of loss is minimal.

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

b) Liquidity risk:

Liquidity risk is the risk that the Authority cannot repay its obligations when they become due to its creditors. The Authority is exposed to this risk relating to its accounts payable and accrued liabilities.

The Authority reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due.

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

# NOTTAWASAGA VALLEY CONSERVATION AUTHORITY

## Schedule of Revenue

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Provincial government grants:		
Ministry of Natural Resources - Flood operations	\$ 97,307	\$ 97,307
Source Water Protection Planning	234,479	214,810
Water and Erosion Control Infrastructure	50,364	-
Other	1,821	15,207
Nottawasaga Watershed Improvement Program	7,500	7,500
COA	12,625	-
<b>Total provincial funding</b>	<b>\$ 404,096</b>	<b>\$ 334,824</b>
<b>Federal government grants</b>	<b>\$ 233,893</b>	<b>\$ 947,388</b>
User fees:		
Planning	\$ 1,028,619	\$ 926,583
Environmental education	219,580	140,359
Conservation lands	83,045	111,599
Tiffin outreach	156,710	59,313
Stewardship services	85,007	57,910
GIS Technical Support	22,124	4,070
Watershed science	1,800	2,600
Healthy waters	-	-
Office and occupancy	-	-
	<b>\$ 1,596,885</b>	<b>\$ 1,302,434</b>