

# CENTRAL LAKE ONTARIO CONSERVATION FUND

## A G E N D A

Tuesday, January 19, 2021

MEETING LOCATION: VIRTUAL MEETING  
(ACCESS DETAILS TO BE PROVIDED)

### CIRCULATION LIST

<b>Authority</b>	Bob Chapman, Chair	<b>Authority</b>	C. Darling Chief Administrative Officer
<b>Members:</b>	Ron Hooper, Vice Chair	<b>Staff:</b>	B. Boardman, Executive/Accounting Administrator
	Dave Barton		R. Catulli, Director, Corporate Services
	Janice Jones		J. Davidson, Director, Watershed Planning & Natural Heritage
	Sterling Lee		L. Hastings, Marketing & Communications Coordinator
	Tito-Dante Marimpietri		D. Hope, Land Management & Operations Supervisor
	Ian McDougall		C. Jones, Director, Planning & Regulation
	Don Mitchell		P. Lowe, Director, Community Engagement
	Rhonda Mulcahy		P. Sisson, Director, Engineering & Field Operations
	John Neal		L. Vaja, Executive Assistant/Health & Safety Administrator/Recording Secretary
	Brian Nicholson		R. Wilmot, GIS Systems Supervisor
	David Pickles		
	Elizabeth Roy		
	Corinna Traill		
	Steve Yamada		

### SUPPORTING DOCUMENTS

#### AGENDA ITEM:

**1. DECLARATIONS of interest by members on any matters herein contained**

**2. ADOPTION OF MINUTES** of June 16, 2020

pg. **F1**

**3. AUDITED FINANCIAL STATEMENTS**

(1) Staff Report #F001-21

Re: DRAFT 2020 Financial Statements, Central Lake Ontario Conservation Fund

pg. **F3**

**4. OFFICERS & DIRECTORS**

**Resolution Required: THAT the Officers of the Central Lake Ontario Conservation Fund for 2021 be confirmed as follows:**

**Chair:** \_\_\_\_\_

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

**Secretary:** Chris Darling

**Treasurer:** Rose Catulli

Cont'd

AGENDA ITEM:

SUPPORTING  
DOCUMENTS

**Resolution Required:** *THAT the Directors of the Central Lake Ontario Conservation Fund for 2021 be confirmed as follows:*

<i>Directors:</i>	<u><i>Bob Chapman</i></u>	<u><i>Ron Hooper</i></u>
	<u><i>Dave Barton</i></u>	<u><i>Janice Jones</i></u>
	<u><i>Sterling Lee</i></u>	<u><i>Tito-Dante Marimpietri</i></u>
	<u><i>Ian McDougall</i></u>	<u><i>Don Mitchell</i></u>
	<u><i>Rhonda Mulcahy</i></u>	<u><i>John Neal</i></u>
	<u><i>Brian Nicholson</i></u>	<u><i>David Pickles</i></u>
	<u><i>Elizabeth Roy</i></u>	<u><i>Corinna Traill</i></u>
	<u><i>Steve Yamada</i></u>	<u></u>

**5. OTHER BUSINESS**

**6. ADJOURNMENT**

## CENTRAL LAKE ONTARIO CONSERVATION FUND

### MINUTES NO. 2

Tuesday, June 16, 2020

MEETING LOCATION: VIRTUAL MEETING THROUGH ZOOM

<b>Members Present:</b>	Bob Chapman, Chair	<b>Staff Present:</b>	C. Darling Chief Administrative Officer
	Ron Hooper, Vice Chair		B. Boardman, Executive/Accounting Administrator/Recording Secretary
	Janice Jones		R. Catulli, Director, Corporate Services
	Chris Leahy		J. Davidson, Director, Watershed Planning & Natural Heritage
	Sterling Lee		L. Hastings, Marketing & Communications Coordinator
	Tito-Dante Marimpietri		D. Hope, Land Management & Operations Supervisor
	Don Mitchell		C. Jones, Director, Planning & Regulation
	Rhonda Mulcahy		P. Lowe, Director, Community Engagement
	John Neal		P. Sisson, Director, Engineering & Field Operations
	David Pickles		L. Vaja, Executive Assistant/Health & Safety Administrator
	Elizabeth Roy		R. Wilmot, GIS Systems Supervisor
	Corinna Traill		
<b>Absent:</b>	Dave Barton	<b>Other:</b>	
	Ian McDougall		
	Brian Nicholson		

The Chair called the meeting to order at 5:34 p.m.

**DECLARATIONS** of interest by members on any matters herein contained NONE

**ADOPTION OF MINUTES** of January 21, 2020 (Agenda pg. F1)

Res. #F4 Moved by E. Roy  
Seconded by C. Leahy

***THAT the Central Lake Ontario Conservation Fund minutes of January 21, 2020 be adopted as circulated.***  
**CARRIED**

### **AUDITED FINANCIAL STATEMENTS**

(1) Staff Report #F002-20 (Agenda pg. F3)  
Re: DRAFT 2019 Financial Statements, Central Lake Ontario Conservation Fund

Res. #F5 Moved by R. Mulcahy  
Seconded by R. Hooper

***THAT the auditor's letter to the Board be received; and,***  
***THAT the Audited Financial Statements for the year ended December 31, 2019 be approved as presented.***  
***THAT BDO Canada be appointed as CLOCA Auditors for the year ending December 31, 2020.***  
**CARRIED**

**OTHER BUSINESS** - None

**ADJOURNMENT**

Res. #F6      Moved by S. Lee  
                  Seconded by R. Mulcahy

***THAT the meeting adjourn.***  
**CARRIED**

The meeting adjourned at 5:36 p.m.

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BOB CHAPMAN, CHAIR

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CHRIS DARLING, CHIEF ADMINISTRATIVE OFFICER

DRAFT

**CENTRAL LAKE ONTARIO CONSERVATION FUND**


**DATE:** January 19, 2021  
**FILE:** ACFE23  
**S.R.:** F001-21  
**MEMO TO:** Chair and Members, CLOC Fund Board of Directors  
**FROM:** Rose Catulli, Director of Corporate Services  
**SUBJECT:** **BDO Canada Audit of Financial Statements for the Year Ended December 31, 2020**

The attached audit plan letter from the audit firm of BDO Canada LLP is being sent to the Board in advance of the annual audit. Having gone through a number of significant reporting requirements in prior audit years, staff does not anticipate any change in format for the 2020 statements. The letter provides the Board of Directors an opportunity to provide information about anything that may affect the audit especially as it relates to risk in the organization or suspected or alleged fraud.

**RECOMMENDATIONS:**

*THAT the letter from Nigel A.C. Allen, BDO Dunwoody Canada LLP be received; and,  
THAT Nigel A.C. Allen be advised that the Board of Directors is not aware of any matters related to increased risk, fraud, or errors on behalf of management processes.*

RC/lv  
Encl.



**Central Lake Ontario Conservation Fund**  
Planning Report to the Board of Directors

December 14, 2020



Tel: 905 946 1066  
Fax: 905 946 9524  
www.bdo.ca

60 Columbia Way  
Suite 300  
Markham ON L3R 039 Canada

December 14, 2020

Members of the Board of Directors  
Central Lake Ontario Conservation Fund  
100 Whiting Avenue  
Oshawa, Ontario  
L1H 3T3

Dear Board of Director Members:

We are pleased to present our audit plan for the audit of the financial statements of Central Lake Ontario Conservation Fund (the "Organization") for the year ending December 31, 2020.

Our report is designed to highlight and explain key issues which we believe to be relevant to the audit including audit risks, the nature, extent and timing of our audit work and the terms of our engagement. The audit planning report forms a significant part of our overall communication strategy with the Board of Directors and is designed to promote effective two-way communication throughout the audit process. It is important that we maintain effective two-way communication with the Board of Directors throughout the entire audit process so that we may both share timely information. The audit process will conclude with the preparation of our final report to the Board of Directors.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

The Board of Directors plays an important part in the audit planning process and we are available to meet with you to discuss our audit plan as well as any other matters that you consider appropriate.

Yours truly,

A handwritten signature in black ink, appearing to read 'Nigel A.C. Allen'. The signature is fluid and cursive, with a large initial 'N' and 'A'.

Nigel A.C. Allen, CPA, CA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants, Licensed Public Accountants



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## TERMS OF REFERENCE

Our overall responsibility is to form and express an opinion on the financial statements. These financial statements are prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter, is set out below.

### ENGAGEMENT OBJECTIVES

- Form and express an audit opinion on the financial statements.
- Present significant findings to the Board of Directors including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- Provide a timely and constructive management letter. This will include deficiencies in internal control identified during our audit (if any).
- Consult regarding accounting, excise tax and other reporting matters as requested throughout the year.
- Prepare applicable information returns for the year ended December 31, 2020.
- Work with management towards the timely issuance of financial statements and information returns.

## INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to the Board of Directors at least annually, all relationships between BDO Canada LLP and its related entities and Central Lake Ontario Conservation Fund that, in our professional judgment, may reasonably be thought to bear on our independence for the forthcoming audit of the Organization. Please refer to Appendix A.



## **RESPONSIBILITIES**

It is important for the Board of Directors to understand the responsibilities that rest with the Organization and its management, those that rest with the external auditor and the responsibilities of those charged with governance. BDO's responsibilities are outlined within the engagement letter. The oversight and financial reporting responsibilities of management and the Board of Directors are summarized below.

### **MANAGEMENT'S RESPONSIBILITIES**

- Maintain adequate accounting records and maintain an appropriate system of internal control for the Organization.
- Select and consistently apply appropriate accounting policies.
- Prepare the annual financial statements.
- Safeguard the Organization's assets and take reasonable steps for the prevention and detection of fraud and other irregularities.
- Make available to us, as and when required, all of the Organization's accounting records and related financial information.

### **BOARD OF DIRECTORS' RESPONSIBILITIES**

- Oversee the work of the external auditor engaged for the purpose of issuing an independent auditor's report.
- Facilitate the resolution of disagreements (if any) between management and the external auditor regarding financial reporting matters.
- Pre-approve all non-audit services to be provided to the Organization by the external auditor.
- Review the financial statements and Annual Report before the Organization publicly discloses this information.

## AUDIT STRATEGY

Our overall audit strategy involves extensive partner and manager involvement in all aspects of the planning and execution of the audit and is based on our overall understanding of the Organization.

We will perform a risk based audit which allows us to focus our audit effort on higher risk areas and other areas of concern for management and the Board of Directors.

To assess risk accurately, we need to gain a detailed understanding of the Organization's business and the environment it operates in. This allows us to identify, assess and respond to the risks of material misstatement.

To identify, assess and respond to risk, we obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.



Based on our risk assessment, we design an appropriate audit strategy to obtain sufficient assurance to enable us to report on the financial statements.

We choose audit procedures that we believe are the most effective and efficient to reduce audit risk to an acceptable low level. The procedures are a combination of testing the operating effectiveness of internal controls, substantive analytical procedures and other tests of detailed transactions.

Having planned our audit, we will perform audit procedures, maintaining an appropriate degree of professional skepticism, in order to collect evidence to support our audit opinion.



## MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

We have concluded that a materiality level based on 3% of expenses is appropriate for the purposes of planning the audit.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Board of Directors, other than those which we determine to be “clearly trivial”. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.

## FRAUD DISCUSSION

Canadian generally accepted auditing standards require us to communicate with the Board of Directors regarding fraud risk on an annual basis. We have prepared the following comments to facilitate this communication and ask that you contact us if you have any knowledge regarding actual, suspected or alleged fraud affecting the Organization.

Required Discussion	BDO Response	Question to Board of Directors
<p>Details of existing oversight processes with regards to fraud.</p>	<p>Through our planning process, and based on prior years’ audits, we have developed an understanding of your oversight processes including:</p> <ul style="list-style-type: none"> <li>• Discussions at Board of Directors meetings and our review of minutes of those meetings; and,</li> <li>• Consideration of tone at the top</li> </ul>	<p><i>Are there any new processes or changes in existing processes relating to fraud that we should be aware of?</i></p>
<p>Knowledge of actual, suspected or alleged fraud.</p>	<p>Currently, we are not aware of any fraud.</p>	<p><i>Are you aware of any instances of actual, suspected or alleged fraud affecting the Organization?</i></p>



## **AUDITORS' RESPONSIBILITIES FOR DETECTING FRAUD**

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- Identifying and assessing the risks of material misstatement due to fraud;
- Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

During the audit, we will perform risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the entity's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and will make inquiries of management regarding:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; and
- Management's communication, if any, to employees regarding its view on business practices and ethical behaviour.

In response to our risk assessment and our inquiries of management, we will perform procedures to address the assessed risks, which may include:

- Inquire of management, the Board of Directors, and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- Perform disaggregated analytical procedures and consider unusual or unexpected relationships identified in the planning of our audit;
- Incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- Perform additional required procedures to address the risk of management's override of controls including:
  - Testing internal controls designed to prevent and detect fraud;
  - Testing the appropriateness of a sample of adjusting journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
  - Reviewing accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior years' estimates; and
  - Evaluating the business rational for significant unusual transactions.



## APPENDIX A Independence Letter

December 14, 2020

Members of the Board of Directors  
Central Lake Ontario Conservation Fund  
100 Whiting Avenue  
Oshawa, Ontario  
L1H 3T3

Dear Board of Directors Members:

We have been engaged to audit the financial statements of Central Lake Ontario Conservation Fund (the "Organization") for the year ending December 31, 2020.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with you regarding all relationships between the Organization and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/order covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since July 6, 2020, the date of our last letter.

We are not aware of any relationships between the Organization and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

We hereby confirm that we are independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of December 14, 2020.



This letter is intended solely for the use of the Board of Directors, Management and others within the Organization and should not be used for any other purposes.

Yours truly,

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants