

Central Lake Ontario Conservation Authority
Non-Consolidated Financial Statements
For the year ended December 31, 2023

	Contents
Management's Responsibility	2
Independent Auditor's Report	3 - 4
Non-Consolidated Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Non-Consolidated Financial Statements	9 - 22

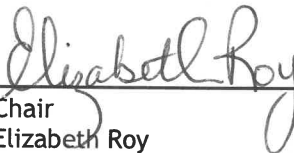
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS


The accompanying financial statements of Central Lake Ontario Conservation Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Members meet with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.


Chair
Elizabeth Roy


Vice Chair
Bob Chapman



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Independent Auditor's Report

To the Members of Central Lake Ontario Conservation Authority

Qualified Opinion

We have audited the non-consolidated financial statements of Central Lake Ontario Conservation Authority (the Authority), which comprise the non-consolidated statement of financial position as at December 31, 2023, and the non-consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, a summary of significant accounting policies and notes to the non-consolidated financial statements.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Authority as at December 31, 2023, and its non-consolidated results of operations, non-consolidated changes in net financial assets and its non-consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As explained in Note 9 to the non-consolidated financial statements, the Authority exercises control over Central Lake Ontario Conservation Fund. These financial statements have been prepared on a non-consolidated basis, which constitutes a departure from Canadian public sector accounting standards. This is a result of a decision taken by management in a prior year. If these financial statements had been prepared on a consolidated basis, cash would have been increased by \$340,602 (2022 - \$273,686), temporary investments would have been increased by \$1,454,773 (2022 - \$1,630,688), accounts receivable would have been increased by \$201 (2022 - \$171), accounts payable would have been increased by \$18,470 (2022 - \$5,628), deferred revenue would have been increased by \$23,301 (2022 - \$23,301), deferred contributions would have been increased by \$270,546 (2022 - \$382,055), accumulated surplus would have been increased by \$1,483,259 (2022 - \$1,493,562), revenue would have been increased by \$71,539 (2022 - \$60,849) and expenses would have been increased by \$81,842 (2022 - \$63,074). Our opinion on the non-consolidated financial statements for the year ended December 31, 2022 was modified accordingly because of the effects of this departure from Canadian public sector accounting standards.

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 non-consolidated 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 non-consolidated 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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.



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated 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 non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated 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 non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

BDO Canada LLP

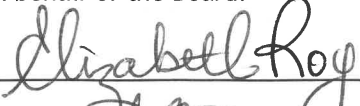
Chartered Professional Accountants, Licensed Public Accountants


Barrie, Ontario
June 18, 2024

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash and temporary investments (Note 2)	\$ 6,055,790	\$ 3,053,405
Short-term investments (Note 2)	2,260,699	3,749,760
Accounts receivable		
Government grants and projects	986,426	1,568,284
Other	275,825	693,658
	<u>9,578,740</u>	<u>9,065,107</u>
Liabilities		
Accounts payable and accrued liabilities	604,908	659,812
Vehicle loan	-	9,988
Deferred revenue (Note 3)	1,610,662	1,890,374
Employee future benefits payable (Note 4)	880,735	870,833
Vacation pay liability	124,583	122,848
Sick leave entitlements (Note 5)	364,922	375,986
	<u>3,585,810</u>	<u>3,929,841</u>
Net Financial Assets	<u>5,992,930</u>	<u>5,135,266</u>
Non-financial assets		
Prepaid expenses	81,654	89,054
Tangible capital assets (Note 9)	32,473,819	31,861,886
Construction in progress	33,794	30,843
	<u>32,589,267</u>	<u>31,981,783</u>
Accumulated surplus (Note)	<u>\$ 38,582,197</u>	<u>\$ 37,117,049</u>

On behalf of the Board:





Director

Director

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Operations

For the year ended December 31	2023 Budget (Note)	2023 Actual	2022 Actual
Revenue			
Government grants			
Municipal levy	\$ 4,380,990	\$ 4,380,990	\$ 4,274,135
Special regional levy	819,500	582,684	881,467
Federal	189,065	84,201	123,130
Transfer payments	64,445	64,445	64,445
Other grants	-	81,347	51,000
Provincial other	50,000	43,018	176,182
Authority generated	4,583,710	5,510,539	4,537,242
Gain on disposition of tangible capital assets	-	-	15,710
	<u>10,087,710</u>	<u>10,747,224</u>	<u>10,123,311</u>
Expenses (Note 10)			
C.A. land management	1,358,650	1,581,735	1,662,632
Environmental plan review and regulations	2,103,140	2,350,728	1,838,950
Corporate services	2,035,445	2,098,398	1,798,897
Watershed management and monitoring	1,656,905	1,633,155	1,515,951
Oak Ridges Moraine Groundwater Program	988,150	961,906	883,350
Community engagement	559,380	656,154	470,644
	<u>8,701,670</u>	<u>9,282,076</u>	<u>8,170,424</u>
Annual surplus:	<u>\$ 1,386,040</u>	<u>\$ 1,465,148</u>	<u>\$ 1,952,887</u>
Accumulated surplus, beginning of year		<u>\$ 37,117,049</u>	<u>\$ 35,164,162</u>
Accumulated surplus, end of year		<u>\$ 38,582,197</u>	<u>\$ 37,117,049</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2023 Budget (Note)	2023 Actual	2022 Actual
Annual Surplus	\$ 1,386,040	\$ 1,465,148	\$ 1,952,887
Acquisition of tangible capital assets	(1,386,040)	(1,092,014)	(1,841,049)
Amortization	-	480,081	447,798
Proceeds on disposal of tangible capital assets	-	-	20,860
Gain on disposition of tangible capital assets	-	-	(15,710)
Construction in progress	-	(2,951)	28,643
	(1,386,040)	(614,884)	(1,359,458)
Change in prepaid expenses	-	7,400	33,671
Change in net financial assets	-	857,664	627,100
Net financial assets, beginning of year	5,135,266	5,135,266	4,508,166
Net financial assets, end of year	\$ 5,135,266	\$ 5,992,930	\$ 5,135,266

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided by (used in)		
Cash flows from operating activities		
Annual surplus	\$ 1,465,148	\$ 1,952,887
Items not involving cash		
Amortization	480,081	447,798
Gain on disposition of tangible capital assets	-	(15,710)
Changes in non-cash operating balances		
Accounts receivable		
Government grants and projects	581,858	(94,061)
Other	417,833	(297,180)
Prepaid expenses	7,400	33,671
Accounts payable and accrued liabilities	(54,904)	(286,613)
Deferred revenue	(279,712)	305,530
Employee future benefits payable	9,902	31,901
Vacation pay liability	1,735	(7,603)
Sick leave entitlements	(11,064)	7,824
	<u>2,618,277</u>	<u>2,078,444</u>
Capital transactions		
Acquisition of tangible capital assets	(1,092,014)	(1,841,049)
Proceeds on disposition of tangible capital assets	-	20,860
Construction in progress	(2,951)	28,643
	<u>(1,094,965)</u>	<u>(1,791,546)</u>
Cash flows from investing activity		
Purchase of investments	<u>1,489,061</u>	<u>(3,749,760)</u>
Cash flows from financing activity		
Repayment of vehicle loan	<u>(9,988)</u>	<u>(6,632)</u>
Net change in cash and cash equivalents	3,002,385	(3,469,494)
Cash and cash equivalents, beginning of year	<u>3,053,405</u>	<u>6,522,899</u>
Cash and cash equivalents, end of year	<u>\$ 6,055,790</u>	<u>\$ 3,053,405</u>
Represented by:		
Cash	\$ 3,055,790	\$ 1,053,405
Short-term deposits with maturities of three months or less (Note 1)	<u>3,000,000</u>	<u>2,000,000</u>
	<u>\$ 6,055,790</u>	<u>\$ 3,053,405</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies

Management Responsibility and Basis of Presentation

The non-consolidated financial statements of the entity are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.

Nature of Business

The Central Lake Ontario Conservation Authority was established on July 17, 1958 by Order-in-Council No. 2389/58 in accordance with the Conservation Authorities Act of Ontario. The objects of the Authority as stated by the Conservation Authorities Act R.S.O. 1990 are "to establish and undertake, in the area over which it has jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals".

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in commercial paper from chartered banks with maturities of three months or less.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of tangible capital assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset as follows:

Land improvements	5 - 50 years
Building and building improvements	5 - 50 years
Infrastructure	8 - 50 years
Machinery and equipment	3 - 25 years
Computer hardware and software	3 - 10 years
Vehicles	5 - 15 years
Furniture and fixtures	10 years

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Reserves	Certain amounts, as approved by the Board of Directors, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective reserve when approved.
Revenue Recognition	Municipal revenues are recognized in the year they are levied to member municipalities. Authority generated revenues and other revenues are recognized when they are invoiced and collection is reasonably assured.
Government Transfers	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Use of Estimates	The preparation of non-consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. The principal estimates and judgments used in the preparation of these non-consolidated financial statements are the estimated useful life of tangible capital assets, impairment of tangible capital assets and the estimates involved in employee future benefits and sick leave entitlements. Actual results could differ from management's best estimates as additional information becomes available in the future.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Employee Future Benefits

The Authority provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits for retirees. The Authority has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of employee future benefit plans are actuarially determined using their professional estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

For employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

(ii) 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 past employee service.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. Investments

Temporary investments are comprised of Guaranteed Investment Certificates from chartered banks with effective interest rate between 5.15% - 5.27% and which mature in less than three months from year end.

Guaranteed investment certificates held at December 31, 2023 mature within a year from the current year end. They bear stated fixed rates of interest of 4.86% and expire on December 2024.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

3. Deferred Revenue

Effective for 2014 onwards, all grants previously deferred, which do not have an explicit stipulation, have been recognized as revenue. At the year end, the Authority had received but not earned revenue in the amount of \$1,610,662.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,890,374	\$ 1,584,844
Contributions received	711,400	1,009,174
Amounts recognized to revenue	<u>(991,112)</u>	<u>(703,644)</u>
Balance, end of year	<u>\$ 1,610,662</u>	<u>\$ 1,890,374</u>

Year end balances consist of the following:

	<u>2023</u>	<u>2022</u>
Facility fees and deposits	\$ 5,150	\$ 3,822
Fill Sites	167,565	167,565
YPDT - CTC	76,968	56,649
Plan review fees	1,229,541	1,625,561
Other	<u>131,438</u>	<u>36,777</u>
	<u>\$ 1,610,662</u>	<u>\$ 1,890,374</u>

Fill sites are defined as the importation of excess soil that has been excavated or removed, mainly during construction activities, that must be moved off site. Revenue is recognized as excess soil is placed throughout the watershed.

Plan review fees are received by the Authority as part of the land use planning system in partnership with local municipalities and the Region of Durham. The Authority reviews land use plans to provide formal comments that address environmental and public safety considerations. These amounts are recognized as revenue as directly related expenses are incurred.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

4. Employee Future Benefits Payable

At December 31, 2023, the Authority's accrued benefit liability relating to post retirement benefit plans is as follows:

	<u>2023</u>	<u>2022</u>
Accrued benefit liability, beginning of year	\$ 870,833	\$ 838,932
Current service costs	37,426	49,020
Interest cost on obligation	28,601	19,108
Employer contribution	(27,746)	(21,472)
Amortized gains and losses	(28,379)	(14,755)
Accrued benefit liability, end of year	<u>\$ 880,735</u>	<u>\$ 870,833</u>

(i) Retirement Life Insurance and Health Care Benefits

The Authority continues to provide life insurance (reduced by 50% for early retirees), dental and health care benefits to certain employee groups after retirement for 5 years or age 65, whichever comes first. The Authority provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as at December 31, 2023.

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Authority's best estimates of expected rates of:

	<u>2023</u>	<u>2022</u>
Salary escalation (*)	3.50%	3.50%
Insurance and health care costs escalation	4.00-6.50%	4.00-6.50%
Discount on accrued benefit obligations	4.60-5.00%	2.75-5.00%

(*) Salary escalation is based on long-term projections for inflation, real wages and increases for merit. Actual salaries are paid according to a payroll grid. The overall grid rates increased by 1.75% (2022 - 1.75%) over the prior year.

Central Lake Ontario Conservation Authority

Notes to Non-Consolidated Financial Statements

December 31, 2023

4. Employee Future Benefits Payable (continued)

(ii) Ontario Municipal Employees Retirement System (OMERS)

The Authority makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all full-time members of its staff. The plan is a defined benefit plan, which specifies that amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including the investment of assets and administration of benefits. OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.2 billion in respect of benefits accrued for service with actuarial assets at that date of \$132 billion indicating an actuarial deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Authority to OMERS for 2023 were \$521,283 (2022 - \$467,339).

5. Sick Leave Entitlements

The Authority provides permanent employees with sick leave credits of 1.5 days per month of service, which accumulates if unused and is available for use in the event that the employee becomes ill. No benefits are payable on retirement or termination of employment. The sick leave entitlement estimates the use of accumulated sick leave prior to retirement.

At December 31, 2023, the Authority's accrued sick leave entitlement is as follows:

	2023	2022
Sick leave entitlements, beginning of year	\$ 375,986	\$ 368,162
Current service costs	14,738	18,775
Interest cost on obligation	12,967	8,104
Benefits paid during the year	(28,513)	(11,866)
Amortized gains and losses	(10,256)	(7,189)
Sick leave entitlements, end of year	\$ 364,922	\$ 375,986

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2023

6. Reporting Entity

The Authority exercises control over the Central Lake Ontario Conservation Fund (the "Fund") by virtue of its common board members. The Fund was established to raise funds and obtain resources for the exclusive use of the Authority. The Fund is incorporated without share capital and is a registered charity under the Income Tax Act. Included in accounts receivable at December 31, 2023 is \$18,470 (2022 - \$5,628) owing from the Fund.

7. Segmented Reporting

The Public Sector Accounting Handbook Section PS 2700, 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 the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Authority's operations are not diverse enough to warrant these disclosures.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

Central Lake Ontario Conservation Authority **Notes to Non-Consolidated Financial Statements**

December 31, 2023

9. Tangible Capital Assets

	2023						
	Land Improvements	Land	Building & Building Improvements	Infrastructure	Machinery & Equipment	Computer Hardware & Software	Total
Cost, beginning of year	\$ 25,489,136	\$ 1,588,348	\$ 6,030,668	\$ 1,911,413	\$ 1,175,865	\$ 651,206	\$ 37,581,087
Additions	783,986	-	107,449	97,230	84,906	18,443	1,092,014
Disposals	-	-	(30,000)	-	-	-	(30,000)
Cost, end of year	26,273,122	1,588,348	6,108,117	2,008,643	1,260,771	669,649	38,643,101
Accumulated amortization, beginning of year	-	1,079,561	2,055,459	821,007	747,509	531,447	5,719,201
Amortization	-	60,484	132,791	94,404	75,115	41,757	480,081
Disposals	-	-	(30,000)	-	-	-	(30,000)
Accumulated amortization, end of year	-	1,140,045	2,158,250	915,411	822,624	573,204	6,169,282
Net carrying amount, end of year	\$ 26,273,122	\$ 448,303	\$ 3,949,867	\$ 1,093,232	\$ 438,147	\$ 96,445	\$ 32,473,819

Central Lake Ontario Conservation Authority
Notes to Non-Consolidated Financial Statements

December 31, 2023

9. Tangible Capital Assets (continued)

	2022						
	Land Improvements	Land	Building & Building Improvements	Infrastructure	Machinery & Equipment	Computer Hardware & Software	Total
Cost, beginning of year	\$ 24,278,784	\$ 1,588,348	\$ 5,924,217	\$ 1,639,428	\$ 1,043,556	\$ 615,229	\$ 35,781,487
Additions	1,210,352	-	106,451	271,985	144,016	35,977	1,841,049
Disposals	-	-	-	-	(11,707)	-	(41,449)
Cost, end of year	25,489,136	1,588,348	6,030,668	1,911,413	1,175,865	651,206	37,581,087
Accumulated amortization, beginning of year	-	1,017,968	1,924,313	749,249	696,798	487,346	5,307,702
Amortization	-	61,593	131,146	71,758	62,418	44,101	447,798
Disposals	-	-	-	-	(11,707)	-	(36,299)
Accumulated amortization, end of year	-	1,079,561	2,055,459	821,007	747,509	531,447	5,719,201
Net carrying amount, end of year	\$ 25,489,136	\$ 508,787	\$ 3,975,209	\$ 1,090,406	\$ 428,356	\$ 119,759	\$ 31,861,886

Central Lake Ontario Conservation Authority
Notes to Non-Consolidated Financial Statements

December 31, 2023

10. Expenses by Object

	<u>2023</u>	<u>2022</u>
Wages and benefits	\$ 6,419,697	\$ 5,859,538
Program related expenses	880,952	575,154
Amortization	480,081	447,798
Conservation area maintenance and planning	178,414	162,791
Professional fees and insurance	765,758	531,898
Property management	253,228	301,110
Head office utilities and office maintenance	97,782	103,379
Vehicle and equipment	81,880	84,312
Computer and geomatics	72,049	50,195
Office equipment and supplies	30,263	26,489
Corporate communications	13,318	19,862
Members' expense	8,654	7,898
	<u>\$ 9,282,076</u>	<u>\$ 8,170,424</u>

**Central Lake Ontario
Conservation Fund
Financial Statements**
For the year ended December 31, 2023

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 10



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Independent Auditor's Report

To the Members of Central Lake Ontario Conservation Fund

Opinion

We have audited the financial statements of Central Lake Ontario Conservation Fund (the Fund), which comprise the statement of financial position as at December 31, 2023, and the statements of changes in net assets, operations 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 Fund as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Fund 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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.



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Fund'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 Fund'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 Fund 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 18, 2024

Central Lake Ontario Conservation Fund

Statement of Financial Position

<u>December 31</u>	<u>2023</u>	<u>2022</u>
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Assets

Current

Cash and short-term Investments (Note 2)	\$ 1,795,375	\$ 1,904,374
Accounts receivable	201	171
	\$ 1,795,576	\$ 1,904,545

Liabilities and Net Assets

Current

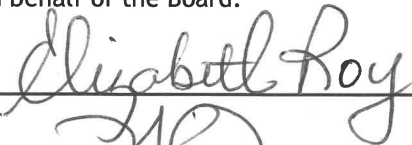

Accounts payable and accrued liabilities	\$ 18,470	\$ 5,628
Deferred contributions (Note 3)	270,546	382,054
Deferred revenue (Note 4)	23,301	23,301
	312,317	410,983

Net assets restricted for endowment purposes (Note 3)	1,500,000	1,500,000
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Unrestricted net assets	(16,741)	(6,438)
	1,483,259	1,493,562

	\$ 1,795,576	\$ 1,904,545
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On behalf of the Board:

 _____	Director
 _____	Director

Central Lake Ontario Conservation Fund Statement of Changes in Net Assets

For the year ended December 31	Restricted for Endowment Purposes	Unrestricted	2023 Total	2022 Total
Balance, beginning of the year	\$ 1,500,000	\$ (6,438)	\$ 1,493,562	\$ 1,495,787
Deficiency of revenues over expenses	-	(10,303)	(10,303)	(2,225)
Balance, end of the year	\$ 1,500,000	\$ (16,741)	\$ 1,483,259	\$ 1,493,562

Central Lake Ontario Conservation Fund Statement of Operations

For the year ended December 31	2023	2022
Revenue		
Deferred contributions recognized	\$ 69,000	\$ 60,000
Interest	2,539	849
	<u>71,539</u>	<u>60,849</u>
Expenses		
Donations	69,000	60,000
Professional fees	12,842	3,074
	<u>81,842</u>	<u>63,074</u>
Deficiency of revenue over expenses	<u>(10,303)</u>	<u>(2,225)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Central Lake Ontario Conservation Fund Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided by (used in)		
Operating Activities		
Deficiency of revenue over expenses	\$ (10,303)	\$ (2,225)
Changes in non-cash working capital balances		
Accounts receivable	(30)	(171)
Accounts payable and accrued liabilities	12,842	3,049
Deferred revenue	-	202
Deferred contributions	(111,508)	(442,960)
	(108,999)	(442,105)
Investing Activities		
Decrease in short-term investments	175,915	491,377
Net increase in cash	66,916	49,272
Cash, beginning of the year	273,686	224,414
Cash, end of the year	\$ 340,602	\$ 273,686
Represented by:		
Cash - unrestricted	\$ 57,235	\$ 54,726
Cash - restricted	283,367	218,960
	\$ 340,602	\$ 273,686

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Central Lake Ontario Conservation Fund

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

Nature of Business

The Central Lake Ontario Conservation Fund was established on May 6, 1997 under letters patent as a corporation without share capital. The corporation's registered charitable number is 87804 9360 RR0001.

The purpose of the Fund is to generate revenue, through fundraising and donations, which will be used exclusively by the Central Lake Ontario Conservation Authority, for the purposes of preserving, protecting, restoring and improving the natural resources and environment of the Central Lake Ontario watersheds. The Authority exercises control over the Central Lake Ontario Conservation Fund by virtue of its common board members.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Revenues and expenses are recorded on the accrual basis of accounting. The Fund follows the deferral method of accounting for contributions. Endowment contributions are recognized as direct increases in net assets in the current period. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In Kind Donations

Receipts are provided for in kind donations as per guidelines established by Canada Revenue Agency. In kind donations are supported by appraisals when required for land and personal property.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and short-term deposits with maturities of three months or less from the date of acquisition.

Contributions Receivable

Contributions receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

Central Lake Ontario Conservation Fund

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Central Lake Ontario Conservation Fund Notes to Financial Statements

December 31, 2023

2. Cash and Short-term investments

	2023	2022
Cash - unrestricted	\$ 57,235	\$ 54,726
Cash - restricted	283,367	218,960
Preferred Shares - restricted	1,454,773	1,630,688
	<u>\$ 1,795,375</u>	<u>\$ 1,904,374</u>

Preferred shares are quoted at market value.

3. Deferred Contributions

Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	\$ 382,054	\$ 825,014
Restricted investment income (loss)	(42,508)	(382,960)
Amount recognized in the year	(69,000)	(60,000)
Balance, end of year	<u>\$ 270,546</u>	<u>\$ 382,054</u>

In 2014, the Fund received a \$2,000,000 contribution that is subject to externally imposed restrictions. \$1,500,000 of the balance must be maintained permanently and is restricted for endowment purposes. The remaining balance and the investment income earned from the total contribution is restricted to cover the costs of managing and administering a property owned by Central Lake Ontario Conservation Authority, an organization which exercises control over the Fund by virtue of its common board members.

4. Deferred Revenue

At the year end, the Fund had received but not earned revenue in the amount of \$23,301 (2022 - \$23,301) from projects. Revenue will be brought into income as project expenditures are incurred.

5. Related Party Transactions

The Central Lake Ontario Conservation Authority exercises control over the Fund by virtue of its common board members. The Fund was established to raise funds and obtain resources for the exclusive use of the Authority. During the year, the Fund contributed \$69,000 (2022 - \$60,000) towards projects in the Authority and the Authority paid \$12,842 (2022 - \$3,074) in professional fees on the Fund's behalf.

Central Lake Ontario Conservation Fund

Notes to Financial Statements

December 31, 2023

6. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

All of the Fund's cash and short-term investments are held at one of the major financial institutions and one investment company.

There have not been any changes in the risk from the prior year.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its investments in preferred shares.

There have not been any changes in the risk from the prior year.
