

**Central Lake Ontario Conservation
Authority
Non-Consolidated Financial Statements
For the year ended December 31, 2021**

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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, 2021, 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, 2021, 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 7 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 \$224,414 (2020 - \$169,286), temporary investments would have been increased by \$2,188,819 (2020 - \$2,188,819), accounts payable would have been increased by \$2,579 (2020 - \$4,832), deferred revenue would have been increased by \$23,099 (2020 - \$23,007), deferred contributions would have been increased by \$891,769 (2020 - \$833,375), accumulated surplus would have been increased by \$1,495,786 (2020 - \$1,496,892), revenue would have been increased by \$50,000 (2020 - \$73,127) and expenses would have been increased by \$51,105 (2020 - \$74,730). Our opinion on the non-consolidated financial statements for the year ended December 31, 2020 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

Markham, Ontario
June 27, 2022

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Non-Consolidated Statement of Financial Position

December 31 **2021** **2020**

Financial assets

| | | |
|--------------------------------|------------------|------------------|
| Cash | \$ 3,793,563 | \$ 2,568,596 |
| Temporary investments (Note 1) | 2,729,336 | 2,727,526 |
| Accounts receivable | | |
| Government grants and projects | 1,474,223 | 579,440 |
| Other | 396,478 | 734,503 |
| | 8,393,600 | 6,610,065 |

Liabilities

| | | |
|---|------------------|------------------|
| Accounts payable and accrued liabilities | 946,425 | 501,529 |
| Vehicle loan | 16,620 | 23,251 |
| Deferred revenue (Note 2) | 1,584,844 | 1,008,852 |
| Employee future benefits payable (Note 3) | 838,932 | 809,103 |
| Vacation pay liability | 130,451 | 137,646 |
| Sick leave entitlements (Note 4) | 368,162 | 436,370 |
| | 3,885,434 | 2,916,751 |

Net Financial Assets

4,508,166 **3,693,314**

Non-financial assets

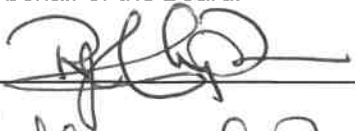
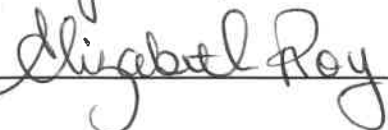
| | | |
|----------------------------------|------------|------------|
| Prepaid expenses | 122,725 | 73,032 |
| Tangible capital assets (Note 9) | 30,473,785 | 30,080,303 |
| Construction in progress | 59,486 | 814 |

30,655,996 **30,154,149**

Accumulated surplus (Note 5)

\$ 35,164,162 **\$ 33,847,463**

On behalf of the Board:

| | |
|--|----------|
|  <hr style="border: 0; border-top: 1px solid black;"/> | Director |
|  <hr style="border: 0; border-top: 1px solid black;"/> | Director |

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Non-Consolidated Statement of Operations

| For the year ended December 31 | 2021 | 2021 | 2020 |
|--|--------------------|-----------------------------|-----------------------------|
| | Budget (Note 6) | Actual | Actual |
| Revenue | | | |
| Government grants | | | |
| Municipal levy | \$ 4,169,890 | \$ 4,169,890 | \$ 4,068,185 |
| Special regional levy | 560,000 | 405,269 | 235,534 |
| Federal | 96,900 | 88,712 | 35,896 |
| Transfer payments | 64,445 | 64,445 | 64,445 |
| Other grants | 50,000 | 50,000 | 60,000 |
| Provincial other | - | 35,000 | 14,609 |
| Authority generated | 4,085,935 | 4,165,121 | 2,937,946 |
| Gain on disposition of tangible capital assets | - | 9,667 | 3,868 |
| | <u>9,027,170</u> | <u>8,988,104</u> | <u>7,420,483</u> |
| Expenses (Note 10) | | | |
| C.A. land management | 1,965,195 | 1,788,748 | 1,288,962 |
| Environmental plan review and regulations | 1,705,030 | 1,645,385 | 1,600,158 |
| Corporate services | 1,591,720 | 1,544,927 | 1,741,150 |
| Watershed management and monitoring | 1,350,775 | 1,257,937 | 1,188,991 |
| Oak Ridges Moraine Groundwater Program | 885,000 | 859,310 | 834,129 |
| Community engagement | 635,180 | 575,098 | 589,871 |
| | <u>8,132,900</u> | <u>7,671,405</u> | <u>7,243,261</u> |
| Annual surplus | <u>\$ 894,270</u> | <u>\$ 1,316,699</u> | <u>\$ 177,222</u> |
| Accumulated surplus, beginning of year | | \$ 33,847,463 | \$ 33,670,241 |
| Annual surplus | | <u>1,316,699</u> | <u>177,222</u> |
| Accumulated surplus, end of year | | <u>\$ 35,164,162</u> | <u>\$ 33,847,463</u> |

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

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Non-Consolidated Statement of Changes in Net Financial Assets

| For the year ended December 31 | 2021 | 2021 | 2020 |
|---|--------------------|--------------|--------------|
| | Budget (Note 6) | Actual | Actual |
| Annual Surplus | \$ 894,270 | \$ 1,316,699 | \$ 177,222 |
| Acquisition of tangible capital assets | (894,270) | (785,370) | (224,257) |
| Amortization | - | 391,888 | 383,159 |
| Proceeds on disposal of tangible capital assets | - | 9,667 | 4,071 |
| Gain on disposition of tangible capital assets | - | (9,667) | (3,868) |
| Construction in progress | - | (58,672) | 9,082 |
| | (894,270) | (452,154) | 168,187 |
| Change in prepaid expenses | - | (49,693) | (10,795) |
| Change in net financial assets | - | 814,852 | 334,614 |
| Net financial assets, beginning of year | 3,693,314 | 3,693,314 | 3,358,700 |
| Net financial assets, end of year | \$ 3,693,314 | \$ 4,508,166 | \$ 3,693,314 |

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

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Non-Consolidated Statement of Cash Flows

| For the year ended December 31 | 2021 | 2020 |
|--|---------------------|---------------------|
| Cash provided by (used in) | | |
| Cash flows from operating activities | | |
| Annual surplus | \$ 1,316,699 | \$ 177,222 |
| Items not involving cash | | |
| Amortization | 391,888 | 383,159 |
| Gain on disposition of tangible capital assets | (9,667) | (3,868) |
| Changes in non-cash operating balances | | |
| Accounts receivable | | |
| Government grants and projects | (894,783) | 140,533 |
| Other | 338,025 | (328,493) |
| Prepaid expenses | (49,693) | (10,795) |
| Accounts payable and accrued liabilities | 444,896 | 117,045 |
| Deferred revenue | 575,992 | (8,535) |
| Employee future benefits payable | 29,829 | 20,196 |
| Vacation pay liability | (7,195) | 32,028 |
| Sick leave entitlements | (68,208) | 22,673 |
| | <u>2,067,783</u> | <u>541,165</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | (785,370) | (224,257) |
| Proceeds on disposition of tangible capital assets | 9,667 | 4,071 |
| Construction in progress | (58,672) | 9,082 |
| | <u>(834,375)</u> | <u>(211,104)</u> |
| Cash flows from financing activity | | |
| Repayment of vehicle loan | (6,631) | (6,632) |
| | <u>1,226,777</u> | <u>323,429</u> |
| Net change in cash and cash equivalents | 1,226,777 | 323,429 |
| Cash and cash equivalents, beginning of year | 5,296,122 | 4,972,693 |
| Cash and cash equivalents, end of year | \$ 6,522,899 | \$ 5,296,122 |
| Represented by: | | |
| Cash | \$ 3,793,563 | \$ 2,568,596 |
| Short-term deposits with maturities of three months or less (Note 1) | 2,729,336 | 2,727,526 |
| | <u>\$ 6,522,899</u> | <u>\$ 5,296,122</u> |

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

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Summary of Significant Accounting Policies

December 31, 2021

**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
(Established under the Conservation Authorities Act of Ontario)
Summary of Significant Accounting Policies

December 31, 2021

| | |
|-----------------------------|---|
| 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
(Established under the Conservation Authorities Act of Ontario)
Summary of Significant Accounting Policies

December 31, 2021

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 contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

1. Temporary Investments

Temporary investments are comprised of Guaranteed Investment Certificates from chartered banks with effective interest rate at 0.4% and which mature in January 2022.

2. 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 \$1,584,844.

| | 2021 | 2020 |
|-------------------------------|---------------------|--------------|
| Balance, beginning of year | \$ 1,008,852 | \$ 1,017,387 |
| Contributions received | 1,176,952 | 801,020 |
| Amounts recognized to revenue | (600,960) | (809,555) |
| | \$ 1,584,844 | \$ 1,008,852 |

Year end balances consist of the following:

| | 2021 | 2020 |
|----------------------------|---------------------|--------------|
| Facility fees and deposits | \$ 3,288 | \$ 3,288 |
| Fill Sites | 167,565 | 167,565 |
| YPDT - CTC | 11,489 | 31,520 |
| Plan review fees | 1,262,189 | 714,053 |
| Other | 140,313 | 92,426 |
| | \$ 1,584,844 | \$ 1,008,852 |

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
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

3. Employee Future Benefits Payable

At December 31, 2021, the Authority's accrued benefit liability relating to post retirement benefit plans is as follows:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------|
| Accrued benefit liability , beginning of year | \$ 809,103 | \$ 788,907 |
| Current service costs | 42,623 | 36,753 |
| Interest cost on obligation | 15,569 | 17,974 |
| Employer contribution | (18,006) | (18,625) |
| Amortized gains and losses | (10,357) | (15,906) |
| Accrued benefit liability , end of year | \$ 838,932 | \$ 809,103 |

(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, 2021.

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>2021</u> | <u>2020</u> |
|--|-------------------|-------------|
| Salary escalation (*) | 3.50% | 3.50% |
| Insurance and health care costs escalation | 4.00-6.50% | 4.50-6.50% |
| Discount on accrued benefit obligations | 2.25-2.75% | 2.25-3.00% |

(*) 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 1.50% (2020 - 1.75%) over the prior year.

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

3. Employee Future Benefits Payable (continued)

(ii) Ontario Municipal Employees Retirement System (OMERS)

OMERS provides pension services to over half a million 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, 2021. The results of the valuation disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. 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 2021 were \$455,456 (2020 - \$460,712). The contribution rate for 2021 was 9% to 14.6% depending on age and income level (2020 - 9% to 14.6%). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

4. 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, 2021, the Authority's accrued sick leave entitlement is as follows:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Sick leave entitlements , beginning of year | \$ 436,370 | \$ 413,697 |
| Current service costs | 29,615 | 26,727 |
| Interest cost on obligation | 7,265 | 9,547 |
| Benefits paid during the year | (98,770) | (5,100) |
| Amortized gains and losses | (6,318) | (8,501) |
| Sick leave entitlements , end of year | \$ 368,162 | \$ 436,370 |

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

5. Accumulated Surplus

The Authority segregates its accumulated surplus in the following categories:

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------------|----------------------|
| Surplus - investment in tangible capital assets (a) | \$ 30,473,785 | \$ 30,080,303 |
| Surplus - investment in asset under construction | 59,486 | 814 |
| | <u>30,533,271</u> | <u>30,081,117</u> |
| Reserve funds: | | |
| Working capital (b) | 3,244,439 | 2,585,770 |
| Vehicles and equipment (c) | 708,778 | 519,778 |
| Land operations (d) | 297,735 | 297,735 |
| Land acquisition (e) | 54,070 | 54,070 |
| Forest management (f) | 124,497 | 124,497 |
| Rogers capital project (g) | 187,141 | 170,314 |
| Schillings land acquisition (h) | 14,231 | 14,182 |
| | <u>4,630,891</u> | <u>3,766,346</u> |
| Total reserves | 4,630,891 | 3,766,346 |
| Accumulated surplus | <u>\$ 35,164,162</u> | <u>\$ 33,847,463</u> |

a) Investment in Tangible Capital Assets

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

b) Reserve for Working Capital

This reserve was established to provide operating funds. No provincial funds are included in this reserve.

c) Reserve for Replacement of Vehicles and Equipment

This reserve was established for the purchase and replacement of vehicles and equipment. No provincial funds are included in this reserve.

d) Reserve for Land Operations

This reserve was established from the surplus from construction contracts. The funds will be used towards future land operations. There are no provincial funds included in this reserve.

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

5. Accumulated Surplus (continued)

e) Reserve for Land Acquisition

This reserve was established from the sale of properties in the Municipality of Clarington. No provincial funds are included in this reserve.

f) Forest Management Reserve

The reserve was established from the net revenue from timber sales on Authority properties for future management costs relating to Authority forest properties.

g) Reserve for Rogers Capital Project

The reserve was established from the surplus from the Rogers project. The funds will be used towards future capital improvements to the Rogers project.

h) Reserve for Schillings Land Acquisition

A condition of the Nature Conservancy of Canada/OQO funding agreement requires CLOCA to establish an endowment fund for the property equivalent to 15% of the land value (\$13,500). The endowment fund is to be invested in such a way as to produce an investment return in the capital which will be used for stewardship of the land.

6. Budget Figures (Unaudited)

The 2021 budget amounts approved by the Board of Directors on June 15, 2021 were not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net financial assets represent the budget adopted by the Authority on June 15, 2021 adjusted for the acquisition of tangible capital assets of \$894,270.

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

7. 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, 2021 is \$2,579 (2020 - \$3,358) owing from the Fund.

8. 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.

Central Lake Ontario Conservation Authority
(Established under the Conservation Authorities Act of Ontario)
Notes to Non-Consolidated Financial Statements

December 31, 2021

9. Tangible Capital Assets

| | | | | | | | | 2021 | |
|---|-------------------|--------------|----------------------------------|----------------|-----------------------|------------------------------|------------|----------------------|---------------|
| | Land Improvements | Land | Building & Building Improvements | Infrastructure | Machinery & Equipment | Computer Hardware & Software | Vehicles | Furniture & Fixtures | Total |
| Cost, beginning of year | \$ 24,278,784 | \$ 1,516,778 | \$ 5,924,217 | \$ 1,152,061 | \$ 955,721 | \$ 565,154 | \$ 564,515 | \$ 122,301 | \$ 35,079,531 |
| Additions | | 71,570 | - | 517,367 | 87,832 | 50,074 | 58,527 | - | 785,370 |
| Disposals | - | - | - | (30,000) | - | - | (53,415) | - | (83,415) |
| Cost, end of year | 24,278,784 | 1,588,348 | 5,924,217 | 1,639,428 | 1,043,553 | 615,228 | 569,627 | 122,301 | 35,781,486 |
| Accumulated amortization, beginning of year | - | 962,270 | 1,792,799 | 735,073 | 641,706 | 445,413 | 305,033 | 116,934 | 4,999,228 |
| Amortization | - | 55,699 | 131,512 | 44,176 | 55,094 | 41,931 | 62,606 | 870 | 391,888 |
| Disposals | - | - | - | (30,000) | - | - | (53,415) | - | (83,415) |
| Accumulated amortization, end of year | - | 1,017,969 | 1,924,311 | 749,249 | 696,800 | 487,344 | 314,224 | 117,804 | 5,307,701 |
| Net carrying amount, end of year | \$ 24,278,784 | \$ 570,379 | \$ 3,999,906 | \$ 890,179 | \$ 346,753 | \$ 127,884 | \$ 255,403 | \$ 4,497 | \$ 30,473,785 |

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9. Tangible Capital Assets (continued)

| | | Land | Building & Building Improvements | Infrastructure | Machinery & Equipment | Computer Hardware & Software | Vehicles | Furniture & Fixtures | Total | 2020 |
|---|--------------|--------------|--|----------------|--------------------------|------------------------------------|------------|-------------------------|---------------|------|
| Cost, beginning of year | \$24,245,675 | \$ 1,516,778 | \$ 5,913,729 | \$ 1,089,313 | \$ 910,827 | \$ 540,517 | \$ 539,359 | \$ 122,301 | \$ 34,878,499 | |
| Additions | 33,109 | - | 10,488 | 62,748 | 44,894 | 24,637 | 48,381 | - | 224,257 | |
| Disposals | - | - | - | - | - | - | (23,225) | - | (23,225) | |
| Cost, end of year | 24,278,784 | 1,516,778 | 5,924,217 | 1,152,061 | 955,721 | 565,154 | 564,515 | 122,301 | 35,079,531 | |
| Accumulated amortization, beginning of year | - | 907,167 | 1,661,235 | 695,394 | 588,859 | 402,501 | 267,871 | 116,064 | 4,639,091 | |
| Amortization Disposals | - | 55,103 | 131,564 | 39,679 | 52,847 | 42,912 | 60,184 | 870 | 383,159 | |
| Accumulated amortization, end of year | - | - | - | - | - | - | (23,022) | - | (23,022) | |
| Net carrying amount, end of year | - | 962,270 | 1,792,799 | 735,073 | 641,706 | 445,413 | 305,033 | 116,934 | 4,999,228 | |
| Net carrying amount, end of year | \$24,278,784 | \$ 554,508 | \$ 4,131,418 | \$ 416,988 | \$ 314,015 | \$ 119,741 | \$ 259,482 | \$ 5,367 | \$30,080,303 | |

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10. Expenses by Object

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Wages and benefits | \$ 5,524,451 | \$ 5,614,583 |
| Program related expenses | 439,338 | 379,585 |
| Amortization | 391,888 | 383,159 |
| Conservation area maintenance and planning | 635,596 | 169,297 |
| Professional fees and insurance | 251,507 | 207,052 |
| Property management | 200,210 | 227,557 |
| Head office utilities and office maintenance | 69,647 | 92,598 |
| Vehicle and equipment | 59,175 | 65,853 |
| Computer and geomatics | 57,261 | 60,489 |
| Office equipment and supplies | 23,261 | 26,167 |
| Corporate communications | 10,825 | 9,366 |
| Members' expense | 8,246 | 7,555 |
| | <u>\$ 7,671,405</u> | <u>\$ 7,243,261</u> |