

Essex Region Conservation Authority

**Financial Statements
December 31, 2023**

INDEPENDENT AUDITOR'S REPORT

To the Directors of Essex Region Conservation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Essex Region Conservation Authority, which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of cash flow for the year then ended
- the statement of net surplus for the year then ended
- and notes to the financial statements including summary of accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Essex Region Conservation Authority as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Essex Region Conservation Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statement and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Essex Region Conservation 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 Essex Region Conservation Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Essex Region Conservation Authority's financial reporting process. When individuals responsible for the oversight of the financial reporting process are the same as those responsible for the preparation of the financial statements, no reference to oversight responsibilities is required.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Essex Region Conservation 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 Essex Region Conservation Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Essex Region Conservation Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**HICKS, MacPHERSON, IATONNA
& DRIEDGER LLP**

*Hicks, MacPherson, Iatonna
& Driedger LLP*

Leamington, Ontario
June 20, 2024

Chartered Professional Accountants
Licensed Public Accountants

**Essex Region Conservation Authority
Statement of Financial Position
December 31**

	2023	2022
Financial Assets		
Cash and cash equivalents (Note 1(i))	\$ 6,204,902	\$ 4,198,243
Accounts receivable (Note 4)	883,426	2,174,826
	<u>7,088,327</u>	<u>6,373,069</u>
Financial Liabilities		
Accounts payable and accrued liabilities	640,545	1,092,499
Deferred revenues	3,337,454	3,191,395
	<u>3,977,999</u>	<u>4,283,894</u>
Net Surplus	3,110,329	2,089,175
Non-Financial Assets		
Tangible capital assets (Notes 1(c) and 2)	24,919,719	24,969,961
Prepaid expenses and inventory	59,988	59,510
	<u>24,979,707</u>	<u>25,029,471</u>
Accumulated surplus	\$ 28,090,036	\$ 27,118,646
Accumulated surplus consists of:		
Operating surplus	\$ 290,443	\$ -
Reserves (Note 1(d) and Schedule 5)	2,879,874	2,148,685
Equity in tangible capital assets	24,919,719	24,969,961
	<u>\$ 28,090,036</u>	<u>\$ 27,118,646</u>

The accompanying notes and schedules are an integral part of these financial statements.

On behalf of the Board:

_____ Chair

_____ Secretary-Treasurer

Essex Region Conservation Authority
Statement of Operations
for the years ended December 31

	2023 Budget (Note 7)	2023 Actual	2022 Actual
Revenues			
Government grants & transfer payments:			
Provincial - Section 39	\$ 104,417	\$ 104,417	\$ 104,417
- Drinking Source Water Protection Program	96,900	147,602	70,258
- Other	536,672	369,801	704,778
Federal	1,372,975	1,248,195	2,271,307
Municipal			
Levy - General	2,895,123	2,895,124	2,522,888
Levy - Special Clean Water~Green Spaces	873,112	873,112	1,017,415
Remedial projects, studies and risk management services	(146,100)	163,824	2,785,973
Total government revenues	5,733,099	5,802,074	9,477,037
Self-generated & other revenues			
Permits and other mandatory services fees	599,000	669,134	809,055
Admissions, program fees & other services	744,300	821,771	860,744
Leases and property rentals	83,100	93,114	88,748
Interdepartmental recoveries	796,100	801,404	837,059
Donations and other grants			
General	51,500	129,195	188,602
Essex Region Conservation Foundation	218,000	375,987	684,955
In-kind contributions	30,000	59,815	1,076,158
Interest and miscellaneous income	105,000	261,313	89,518
Net gain on disposal of assets	-	13,934	34,000
Proceeds of insurance	-	-	150,000
Total other revenues	2,627,000	3,225,667	4,818,839
Change in deferred revenue			
Net transfers from / (to) deferred revenue	506,750	(146,060)	407,189
TOTAL REVENUES	\$ 8,866,849	\$ 8,881,681	\$ 14,703,066
Expenses			
Watershed management services (Schedule 1)	1,561,780	1,443,323	1,837,905
Conservation services (Schedule 2)	4,783,769	3,742,025	6,491,869
Communications & outreach (Schedule 3)	969,900	1,067,773	663,730
Corporate services (Schedule 4)	1,296,900	1,236,322	1,224,999
	8,612,349	7,489,443	10,218,504
Amortization	375,500	420,849	386,878
	8,987,849	7,910,291	10,605,382
Net Surplus/(Deficit) for the Year	(121,000)	971,390	4,097,684
Accumulated Surplus, Beginning of Year	27,118,646	27,118,646	23,020,962
Accumulated Surplus, End of Year	\$ 26,997,646	\$ 28,090,036	\$ 27,118,646

The accompanying notes and schedules are an integral part of these financial statements.

**Essex Region Conservation Authority
Statement of Cash Flow
for the years ended December 31**

	2023	2022
	Actual	Actual
Cash provided for (used in):		
Operating Activities		
Net surplus for the year	\$ 971,390	\$ 4,097,684
Non cash items:		
Amortization	420,849	386,878
Gain on sale of tangible capital assets	(13,934)	(34,000)
Donations of land (FMV)	-	(1,050,000)
(Increase) decrease accounts receivable	1,291,400	(1,365,718)
Increase prepaid expenses and inventory	(479)	(15,243)
Increase (decrease) accounts payable and accruals	(451,954)	376,864
Increase (decrease) deferred revenues	146,059	(407,190)
	2,363,331	1,989,275
Investing/Capital Activities		
Constructed tangible capital assets	(119,689)	(201,395)
Construction in progress of capital assets	(39,931)	(150,843)
Purchase of land	(46,810)	(2,167,288)
Purchase of vehicles and equipment	(150,243)	(86,980)
	(356,672)	(2,606,507)
(Decrease) Increase in cash and cash equivalents	2,006,659	(617,232)
Cash and cash equivalents, beginning of year	4,198,243	4,815,475
Cash and cash equivalents, end of year	\$ 6,204,902	\$ 4,198,243

The accompanying notes and schedules are an integral part of these financial statements.

Essex Region Conservation Authority
Statement of Net Surplus
for the years ended December 31

	2023 Budget (Note 7)	2023 Actual	2022 Actual
Net surplus/(deficit) for the year	\$ (121,000)	\$ 971,390	\$ 4,097,684
Donated land	-	-	(1,050,000)
Purchase of land	-	(46,810)	(2,167,288)
Acquisition and/or construction of tangible capital assets	-	(159,619)	(352,238)
Purchase of tangible capital assets	(210,000)	(150,243)	(86,980)
Gain on sale/disposal/destruction of assets	-	(13,934)	(34,000)
Change in prepaid expenses and supplies inventory	-	(478)	(15,243)
Amortization of tangible capital assets	375,500	420,849	386,878
Increase in net surplus	44,500	1,021,154	778,812
Net surplus, beginning of year	2,089,175	2,089,175	1,310,363
Net surplus, end of year	\$ 2,133,675	\$ 3,110,329	\$ 2,089,175

The accompanying notes and schedules are an integral part of these financial statements.

Essex Region Conservation Authority

Notes to the Financial Statements

for the year ended December 31

Purpose of Organization

The Essex Region Conservation Authority (ERCA) is a public sector agency, established under the Conservation Authorities Act of Ontario, on July 18, 1973, to further the conservation, restoration, development and management of natural resources, exclusive of gas, oil, coal and minerals for the watersheds within its area of jurisdiction.

The Authority is also a registered charity (107311177RR0001) as recognized by the Canada Revenue Agency and subject to the Income Tax Act and Charities Accounting Act.

1. Summary of Accounting Policies

- a) **Management Responsibility** – The financial statements of the Essex Region Conservation Authority (“Authority”) are prepared by management in accordance with Canadian public sector accounting standards principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of CPA Canada. The integrity and objectivity of these statements are also management’s responsibility. Management is also responsible for all of the notes and schedules to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.
- b) **Basis of Accounting** – Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- c) **Tangible Capital Assets** – Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Donated tangible capital assets are reported at fair market value at the time of donation. Leasehold improvements are amortized on a straight-line basis over the lesser of the economic useful life of the improvement or the term of the related property management agreement or lease. Capital works-in-progress are not amortized until the asset is available for productive use. Tangible Capital Assets do not include: assets unrelated to the Authority’s core business operations, such as ancillary rental dwellings, specialty assets purchased exclusively for purposes of fulfilling grant obligations, and heritage/historical assets held in perpetuity.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

1. Summary of Accounting Policies (Continued)

c) Tangible Capital Assets (Continued)

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Land/Site Improvements	15 to 30 years
Buildings	25 to 50 years
Engineered Structures	15 to 30 years
Leasehold Improvements	lease term
Machinery and Field Equipment	7 to 40 years
Vehicles	8 years
Furniture & Fixtures	20 years
Computer Hardware & Software	4 to 10 years

- d) **Reserves** – Reserves for future expenditures and contingencies are established as required using the estimates of management. Increases or decreases in these reserves are made by appropriations to or from operations.
- e) **Interdepartmental Recoveries** – Internal charges for the use of the vehicles and equipment are made to the various projects and programs of the Authority. The internal charges are designed to recover the costs of operating the equipment, including replacement. Corporate and shared services are partially charged to programs and projects, on a pro-rata basis.
- f) **In-Kind Contributions** – The Authority records various in-kind contributions made by private landowners and other public sector agencies. A landowner in-kind contribution is recorded when required by government grant programs to satisfy eligibility requirements and when the landowner contribution can be verified and valued. The Authority periodically receives property and tangible goods, donated by various agencies and private landowners, which also results in the recording of an in-kind contribution. Donations of land are recorded at fair market value, supported by a third-party independent appraisal.
- g) **Government Transfers & Deferred Revenue** – The Authority receives certain amounts for which the related services have yet to be performed. The gross transfer payments received during the year are shown by government program, however, revenue unearned in the current period is recorded as a transfer to deferred revenue.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

1. Summary of Significant Accounting Policies (Continued)

- h) **Use of Estimates** – The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the carrying value of tangible capital assets and accrued liabilities. Actual results could differ from management’s best estimates as additional information becomes available in the future.

- i) **Cash and Cash Equivalents**- Cash and cash equivalents include cash balances and short term highly liquid investments that are readily converted to cash.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets

Cost	Balance 31-Dec-22	Additions	Disposals	Balance 31-Dec-23
Land	\$ 15,398,900	\$ 46,810	\$ -	\$ 15,445,710
Land/Site improvements	5,783,974	75,276	-	5,859,250
Buildings	2,038,762	162,713	-	2,201,474
Engineered structures	2,105,597	-	(185,617)	1,919,980
Leasehold improvements	1,934,885	181,089	-	2,115,974
Machinery and field equipment	526,806	132,429	(95,725)	563,510.36
Vehicles	607,395	77,857	(50,588)	634,664
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	87,601	-	-	87,601
Capital works-in-progress	150,843	39,931	(150,843)	39,931
	\$ 28,738,042	\$ 716,104	\$ (482,773)	\$ 28,971,373
Accumulated Amortization	Balance 31-Dec-22	Disposals	Amortization	Balance 31-Dec-23
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	420,599	-	67,617	488,216
Buildings	426,172	-	42,767	468,939
Engineered structures	999,175	(30,966)	61,623	1,029,832
Leasehold improvements	989,551	-	175,704	1,165,255
Machinery and field equipment	401,455	(84,695)	34,974	351,734
Vehicles	359,975	(50,588)	57,690	367,078
Furniture and fixtures	92,588	-	3,564	96,152
Computer hardware and software	78,567	-	5,883	84,450
Capital works-in-progress	-	-	-	-
	\$ 3,768,081	\$ (166,249)	\$ 449,823	\$ 4,051,655
	Net Book Value 31-Dec-22			Net Book Value 31-Dec-23
Land	\$ 15,398,900			\$ 15,445,710
Land/Site improvements	5,363,375			5,371,034
Buildings	1,612,589			1,732,535
Engineered structures	1,106,422			890,148
Leasehold improvements	945,334			950,719
Machinery and field equipment	125,352			211,777
Vehicles	247,420			267,586
Furniture and fixtures	10,692			7,128
Computer hardware and software	9,034			3,151
Capital works-in-progress	150,843			39,931
	\$ 24,969,961			\$ 24,919,719

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets (Continued)

Cost	Balance 31-Dec-21	Additions	Disposals	Balance 31-Dec-22
Land	\$ 12,181,612	\$3,217,288	\$ -	\$ 15,398,900
Land/Site improvements	5,582,578	201,395	-	5,783,974
Buildings	2,038,762	-	-	2,038,762
Engineered structures	2,105,597	-	-	2,105,597
Leasehold improvements	1,934,885	-	-	1,934,885
Machinery and field equipment	526,806	-	-	526,806
Vehicles	561,376	120,980	(74,962)	607,395
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	105,707	-	(18,106)	87,601
Capital works-in-progress	-	150,843	-	150,843
	\$ 25,140,603	\$ 3,690,507	\$ (93,068)	\$ 28,738,042
Accumulated Amortization	Balance 31-Dec-21	Disposals	Amortization	Balance 31-Dec-22
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	351,585	-	69,014	\$ 420,599
Buildings	387,033	-	39,140	426,172
Engineered structures	937,163	-	62,012	999,175
Leasehold improvements	882,989	-	106,562	989,551
Machinery and field equipment	372,545	-	28,910	401,455
Vehicles	363,773	(74,962)	71,163	359,975
Furniture and fixtures	89,024	-	3,564	92,588
Computer hardware and software	90,159	(18,106)	6,513	78,567
Capital works-in-progress	-	-	-	-
	\$ 3,474,270	\$ (93,068)	\$ 386,878	\$ 3,768,081
	Net Book Value 31-Dec-21			Net Book Value 31-Dec-22
Land	\$ 12,181,612			\$ 15,398,900
Land/Site improvements	5,230,993			5,363,375
Buildings	1,651,729			1,612,589
Engineered structures	1,168,434			1,106,422
Leasehold improvements	1,051,896			945,334
Machinery and field equipment	154,262			125,352
Vehicles	197,603			247,420
Furniture and fixtures	14,256			10,692
Computer hardware and software	15,548			9,034
Capital works-in-progress	-			150,843
	\$ 21,666,332			24,969,961

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets (Continued)

The Authority owns assets that are not included above, including the Kingsville Train Station and designated heritage buildings located on the John R. Park Homestead and its collection of historical artifacts. The assets have significant heritage and historical value in perpetuity and are not amortized or recorded as tangible capital assets in the financial statements.

Leasehold improvements relate specifically to capital improvements made at Holiday Beach Conservation Area, managed under agreement on behalf of the Ministry of Natural Resources and Forestry.

3. Financial Instruments

The fair values of cash, accounts receivable, accounts payable and accrued liabilities and deferred revenues approximate their carrying values because of their expected short-term maturity and treatment on normal trade terms. It is management's opinion that the Authority is not exposed to significant interest or currency risks arising from these financial instruments.

4. Accounts Receivable

Included in accounts receivable is an HST net rebate of \$ 209,278 (2022 - \$430,249).

5. Pension Agreements

The Essex Region Conservation Authority belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The cost of the plan is the employer's contribution to the plan.

The 2023 employer's portion of OMERS pension contributions was \$259,808 (2022 - \$261,937).

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

6. Expenses by Object

	2023 Budget	2023 Audited	2022 Actual
Wages & benefits	\$4,129,784	\$4,011,033	\$4,086,674
Construction/engineering - municipal projects	58,000	165,684	249,043
Construction/engineering - term grant projects	357,800	199,260	2,798,721
Construction/engineering - ERCA capital projects	1,337,500	394,351	417,405
Plant material & landowner subsidies - term grant projects	104,500	85,308	109,869
Plant material & landowner subsidies - ERCA operations	271,500	239,318	408,768
Program supplies - term grant projects	50,235	83,559	40,040
Site & operational supplies - Conservation Areas	87,800	92,643	83,833
Supplies & cost of goods sold – Other ERCA operations	98,187	115,205	78,894
Occupancy, taxes, utilities & waste removal	375,663	386,320	340,141
Maintenance, repairs & security-sites	103,950	61,479	55,910
Maintenance, repairs & supplies - fleet/equipment	121,900	112,845	125,855
Equipment, software/hardware & website - term grant projects	59,900	92,549	46,467
Equipment, software/hardware & website - ERCA operations	105,015	90,419	74,616
Lab, data, technical & sub-contracted services - term grant projects	72,300	37,455	24,580
Lab, data, technical & sub-contracted services - ERCA operations	105,000	116,515	100,826
Insurance	186,550	187,960	176,977
Audit & legal services	39,000	36,933	31,041
Dues & memberships	49,950	50,324	49,832
Travel, training & professional development	14,340	18,188	10,348
Board, committee & meeting expenses	20,600	21,659	17,880
Bank, credit card charges & interest	26,500	29,467	27,567
In-kind supplies & services	30,000	59,815	26,158
Amortization	375,500	420,849	386,878
	\$8,181,474	\$7,109,138	\$9,768,323
Internal recoveries included in revenues	806,375	801,153	837,059
Total Expenses	\$8,987,849	\$7,910,291	\$10,605,382

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

7. Budget Amounts:

The 2023 budget amounts that were approved on May 10, 2023, were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as project expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant positive variance for the surplus reported for the year. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Approved Budget (BD 02/23)	Actual
Budgeted Deficit	\$ (121,000)	
Capital items included as operating expenses	1,054,200	
Adjusted/Actual Net Surplus	933,200	971,390
Net Gain on Sale of Vehicles/Equipment	-	(13,934)
Capitalized Items	(1,054,200)	(159,619)
Land Acquisition*	-	(46,810)
	(121,000)	751,027
Acquisition of fleet & equipment	(210,000)	(150,243)
Net transfers from reserves (Schedule 5)	795,500	193,166
	464,500	793,950
Amortization	375,500	420,849
	840,000	1,214,799
Net transfers to reserves (Schedule 5)	(840,000)	(924,355)
Increase in accumulated operating surplus	\$ -	\$ 290,444

* Land acquisitions are approved during the year through the Committee of the Whole

8. Credit Facility

The Authority maintains an operating line facility with the Canadian Imperial Bank of Commerce which bears interest at prime less .25% and is due on demand. As of December 31, 2023, no balance (2022 -\$0) was payable under this facility.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

9. Related Entity

Essex Region Conservation Foundation

Essex Region Conservation Authority ("ERCA") has an economic interest in the Essex Region Conservation Foundation ("Foundation"). The Foundation was established for the purpose of raising funds and disbursing grants to ERCA and other organizations, which are working towards a shared vision of environmental sustainability.

The Foundation was incorporated under the laws of Ontario without share capital or benefit for its members and is therefore exempt from income taxes. The income generated by the Foundation is distributed to ERCA and other qualifying donees as the funds are requested and approved. The accounting policy followed in reporting the Foundation is note disclosure.

The transactions with the Foundation include \$375,987 (2022 - \$684,955) recorded as revenue. All amounts have been measured at the exchange amount.

The assets, liabilities, results of operations and cash flow for the Foundation for the years ended December 31 are as follows:

	2023	2022
<i>Financial position:</i>		
Total assets	\$ 717,540	\$ 483,052
Total liabilities	\$ 281,062	\$ 84,450
Net assets	436,479	398,602
	\$ 717,540	\$ 483,052
<i>Results of operations:</i>		
Total revenue	\$ 672,173	\$ 460,709
Total expenses (including grants)	634,296	546,121
Surplus/(Deficiency) of income over expenditures for the year	\$ 37,877	\$ (85,412)
<i>Cash flows:</i>		
Operating	\$ 509,698	\$ 497,446
Investing	9,959	3,822
Distributions	(426,690)	(714,495)

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

10. Commitments

On May 4, 2001 the Authority entered into a 30 year property management agreement, with the Province of Ontario (Ministry of Natural Resources), to manage the property known as Holiday Beach Conservation Area. The agreement can be terminated at any time, if notice is served at least 120 days in advance of the termination date.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

12. Conservation Authorities Act Legislative Framework

On December 8, 2020, Bill 229, the Protect, Support and Recover from COVID-19 Act (Budget Measures), 2020, which made changes to the Conservation Authorities Act and the Planning Act, received Royal Assent. The government is proposing to proclaim un-proclaimed provisions in the Conservation Authorities Act (stemming from amendments made in 2017, 2019, and 2020) through a staged process. This will enable accommodation of a staggered rollout of regulations (in two phases) and policies that are to be consulted on and developed in the future. The first of these proclamations occurred on February 2, 2021 and included provisions related to conservation authority governance as well as items related to housekeeping amendments, government requirements and the Minister's powers. Between May and August 2021, the Ministry of the Environment, Conservation and Parks consulted on Phase 1 of the Regulatory Proposals under the Conservation Authorities Act and these regulations were finalized on October 7, 2021.

The new regulations specific to provision of programs and services, including funding mechanisms, are as follows:

- O. Reg. 686/21 Mandatory Programs and Services;
- O. Reg. 687/21 Transition Plans and Agreements for Programs and Services under Section 21.1.2 of the Act; and
- O. Reg 402/22 Budget and Apportionment (effective date: July 1, 2023)

These legislative changes, fully effective on January 1, 2024, have broad implications for the financing of the Authority's non-mandatory operations. The Authority delivers a significant array of programs and services, which are now identified as non-mandatory and are primarily related to land securement, discretionary water quality programs, agricultural land stewardship, school-based education and cultural heritage/museum operations.

As of December 31, 2023, the Authority has complied with the requirements and timelines of *O. Reg 687/21* and *O. Reg 402/22* and has executed cost apportioning agreements with its participating municipalities for the funding of non-mandatory services, effective January 1, 2024.

**Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31**

(Note 7)

	2023 Budget	2023 Actual	2022 Actual
Schedule 1- Watershed Management Services			
Mandatory Programs & Services			
Regulations, Compliance & Development Services			
Wages, benefits & professional development	\$ 691,500	\$ 622,858	\$ 803,649
Supplies, insurance & corporate services	209,700	192,724	213,323
Legal fees & consulting	5,000	17,189	4,579
Travel & vehicle charges	26,600	19,552	19,483
	932,800	852,323	1,041,034
Municipal Planning Supports (Hazards & Natural Heritage)			
Wages, benefits & professional development	200,200	126,961	258,559
Supplies, insurance & corporate services	44,650	33,791	58,968
	244,850	160,752	317,527
Provincial Section 39 Flood & Erosion Program			
Wages, benefits & professional development	128,900	124,927	128,587
Computers, data, & telecommunications	35,500	36,691	36,079
Supplies, insurance & corporate services	39,680	42,414	40,339
Vehicle charges	7,000	8,201	6,635
	211,080	212,233	211,640
Municipal Infrastructure Projects & Studies (WECI, Hazards Mapping)			
Consulting	-	134,649	249,043
Wages, supplies, travel & allocated overhead	54,050	36,167	18,660
	54,050	170,816	267,704
Other WMS Projects			
Wages, benefits & professional development	52,000	14,164	-
Consulting & technical services	58,000	31,035	-
Supplies, insurance & shared services allocation	9,000	2,000	-
	119,000	47,199	-
	\$ 1,561,780	\$ 1,443,323	\$ 1,837,905

**Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31**

(Note 7)

	2023 Budget	2023 Actual	2022 Actual
Schedule 2 - Conservation Services			
Mandatory Programs & Services			
Program Coordination, CA Land Management Plans & Strategies			
Wages, benefits & professional development	\$ 256,300	\$ 237,834	\$ 105,422
Consulting	-	41,097	-
Supplies, insurance & shared services allocation	36,915	40,123	19,486
Travel & vehicle	3,500	2,906	2,681
	296,715	321,960	127,589
Conservation Areas Maintenance			
Wages, benefits & professional development	371,500	380,512	316,807
Utilities, taxes, insurance & corporate allocation	334,800	325,609	224,075
Vehicle & field equipment charges	90,000	95,055	101,682
Maintenance supplies	58,110	67,703	50,343
Construction & capital items	17,000	24,839	55,682
Plant material and removal	5,500	2,371	17,762
	876,910	896,089	766,351
Tree Planting and Habitat Restoration - CA Lands			
Wages, benefits & professional development	72,500	48,649	66,200
Plants, contracted construction, engineering & technical resources	51,500	38,943	18,783
Supplies, insurance & shared services allocation	21,250	21,857	14,838
Vehicle & field equipment usage	12,850	3,147	6,567
	158,100	112,596	106,387
Conservation Areas/Trails, Infrastructure Investment CA Lands (Non-capitalized)			
Contract construction, insurance, corporate & shared services	1,040,700	55,062	83,580
Wages, benefits & professional development	13,500	1,990	7,449
	1,054,200	57,052	91,030
Fleet & Moveable Equipment			
Maintenance, repairs, rentals & non-capital replacements	73,900	70,518	77,537
Fuel	57,500	47,226	57,935
Insurance & licences	11,300	12,810	8,154
	142,700	130,554	143,626
Non-Mandatory Programs & Services			
Land Acquisition and Securement			
Wages, benefits & professional development	5,000	5,303	20,074
Supplies, insurance & shared services allocation	5,000	1,843	12,099
Surveys, appraisals, consulting, legal	30,000	176	2,530
	40,000	7,322	34,704

Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31

(Note 7)

	2023	2023	2022
	Budget	Actual	Actual
Schedule 2 - Conservation Services (Continued)			
Non-Mandatory Programs & Services (Continued)			
Infrastructure projects and repairs (Museum, Holiday Beach)			
Contract construction, insurance, corporate & shared services	327,750	327,593	370,598
Wages, benefits & professional development	10,750	40,259	28,849
	338,500	367,852	399,447
Tree Planting and Habitat Restoration - Private Lands			
Wages, benefits & professional development	207,400	215,477	216,147
Plants, contracted construction, engineering & technical resources	255,500	209,971	311,777
Supplies, insurance & shared services allocation	102,700	97,568	112,541
Vehicle & field equipment usage	41,400	46,653	44,595
	607,000	569,668	685,060
Holiday Beach Conservation Area (Note 10)			
Revenues			
Admissions, camping & cottage fees	330,600	365,378	310,447
Federal Grants	-	1,953	-
Municipal Levies	-	-	6,000
Property/land rental	22,000	27,779	22,136
Net transfers to reserves	-	(7,040)	(5,494)
	352,600	388,070	333,089
Expenses			
Wages, benefits & professional development	161,000	191,036	154,962
Site, capital & major maintenance	20,500	8,814	9,932
Utilities, taxes, insurance & corporate allocation	79,500	76,297	79,079
Supplies - office, network, events, janitorial	64,100	69,211	65,291
Vehicle & field equipment usage	19,000	29,279	19,699
Sub contracting & consulting	8,500	13,515	4,126
	352,600	388,152	333,089
Municipal/Other Restoration Projects and Fee For Service Initiatives			
Wages, benefits & professional development	15,600	35,548	26,037
Construction, engineering & supplies	144,400	89,062	2,837,061
Corporate and other service recoveries	14,000	11,359	18,009
	174,000	135,969	2,881,107
Science & Research			
Mandatory Programs & Services			
Drinking Water Source Protection /Provincial WQ Monitoring Program			
Wages, benefits & professional development	94,300	116,283	75,556
Supplies, advertising, insurance & shared services allocation	19,285	28,172	13,570
Committee member per diems	4,600	3,625	4,345
	118,185	148,080	93,471

Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31

(Note 7)

	2023 Budget	2023 Actual	2022 Actual
Schedule 2 - Conservation Services (Continued)			
Science & Research (Continued)			
Non-Mandatory Programs & Services			
Water Quality Programs (Sampling, Demo Farm & Agricultural Stewardship)			
Wages, benefits & professional development	87,000	95,495	32,285
Supplies, insurance & shared services allocation	50,200	48,535	37,658
Lab/technical services, speciality equipment & software	6,000	13,002	9,467
Plant material, construction & landowner subsidies	30,000	26,037	5,396
Vehicle & field equipment charges	8,000	13,840	13,672
	181,200	196,909	98,479
Water Quality Term Projects/DRCC (Externally Funded)			
Wages, benefits & professional development	235,884	234,624	429,756
Supplies, insurance & shared services allocation	56,200	108,884	137,510
Lab/technical services, speciality equipment & software	47,300	15,840	50,748
Plant material, construction & landowner subsidies	80,000	33,395	85,173
Vehicle & field equipment charges	7,175	7,667	11,366
	426,559	400,410	714,553
Municipal Risk Management Services (Part IV Clean Water Act)			
Wages, benefits & professional development	11,600	5,973	11,755
Supplies, mileage, insurance & shared services allocation	5,500	3,439	5,222
	17,100	9,412	16,977
	\$ 4,783,769	\$ 3,742,025	\$ 6,491,869

Schedule 3 - Communications, Outreach & Museum Operations

Corporate Communications, Outreach & Engagement			
Wages, benefits & professional development	\$ 213,600	\$ 212,518	\$ 189,397
Supplies, consulting, insurance & shared services allocation	52,150	52,289	51,640
	265,750	264,807	241,037
Outdoor & Conservation Education			
Wages, benefits & professional development	51,350	46,425	43,465
Supplies, insurance & shared services allocation	12,650	13,165	8,556
	64,000	59,590	52,021
Community Events & Special Grant Projects			
Wages, benefits & professional development	60,450	89,091	34,354
Plant materials, event supplies & technical/consulting resources	278,550	316,244	33,818
	339,000	405,335	68,172

Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31

(Note 7)

	2023 Budget	2023 Actual	2022 Actual
Schedule 3 - Communications, Outreach & Museum Operations (Continued)			
John R Park Homestead Museum			
Revenues			
Admissions, sales & program fees	109,000	132,840	85,287
Municipal levies	150,962	150,962	189,565
Government grants	29,688	39,775	88,962
Other grants & donations	26,500	25,559	33,142
Net transfers to reserves	(15,000)	(15,000)	(93,500)
	301,150	334,136	303,456
Expenses			
Wages, benefits & professional development	189,000	209,438	202,143
Utilities, taxes, insurance & corporate allocation	63,500	66,406	62,899
Cost of goods sold	25,000	34,316	7,837
Supplies and maintenance - office, site & curatorial	22,650	27,161	28,372
Capital replacement and repairs	1,000	720	1,248
	301,150	338,041	302,500
	\$ 969,900	\$ 1,067,773	\$ 663,730

Schedule 4 - Corporate Services

Administration, Finance, HR & IT/(G)IS

Wages, benefits & professional development	\$ 865,000	\$ 845,484	\$ 833,748
Occupancy	138,000	133,862	134,385
Office equipment, computers/network & phone	83,400	67,508	61,292
Dues & memberships	43,000	42,830	42,681
Supplies & miscellaneous	10,000	20,918	12,378
Professional fees - audit, legal & consulting	54,000	20,062	29,891
Board meetings & per diems	15,000	16,020	11,760
Travel (Staff & members)	2,500	6,649	2,424
Retiree benefits	22,000	16,278	21,094
Insurance (D&O, Main Office)	9,000	9,310	9,224
	1,241,900	1,178,921	1,158,876

Special Projects (Records, Data, HR)

Consulting/Software/Hardware	-	-	10,000
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Supports Provided to Essex Region Conservation Foundation

Wages, benefits & professional development	55,000	57,401	56,123
<i>Support grant received of \$55,000</i>			
	\$ 1,296,900	\$ 1,236,322	\$ 1,224,999
	\$ 8,612,349	\$ 7,489,443	\$ 10,218,504

Essex Region Conservation Authority

Schedule 5 - Continuity of Reserves

	Actual Balance at December 31, 2022	Budgeted Transfers to Reserves	Actual Transfers to Reserves	Budgeted Transfers from Reserves	Actual Transfers from Reserves	Actual Balance at December 31, 2023
Canard River Maintenance	47,857	-	-	-	-	47,857
Tree Replacement	90,000	-	-	-	-	90,000
Building/Suite	228,000	-	-	-	-	228,000
Infrastructure & Major Maintenance	880,053	325,000	379,315	429,500	125,166	1,134,202
Revenue Stabilization	148,342	-	-	-	-	148,342
Project Grant Matching	100,000	-	-	-	-	100,000
Office Equipment, Computers & Network	46,508	-	-	46,000	-	46,508
Vehicle & Equipment Replacement	187,287	-	23,000	153,000	68,000	142,287
Legal & Insurance Claims	50,000	-	-	-	-	50,000
General/Admin/Human Resources	139,685	-	-	-	-	139,685
Historic Properties	225,459	515,000	515,000	167,000	-	740,459
Holiday Beach Capital Maintenance	5,494	-	7,040	-	-	12,534
	\$ 2,148,685	\$ 840,000	\$ 924,355	\$ 795,500	\$ 193,166	\$ 2,879,874