

Essex Region Conservation Authority

**Financial Statements
December 31, 2022**

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, 2022
- 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, 2022, 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.

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*

Chartered Professional Accountants
Licensed Public Accountants

Leamington, Ontario
June 22, 2023

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

	2022	2021
Financial Assets		
Cash and cash equivalents (Note 1(ii))	\$ 4,198,243	\$ 4,815,475
Accounts receivable (Note 4)	2,174,826	809,108
	<u>6,373,069</u>	<u>5,624,583</u>
Financial Liabilities		
Accounts payable and accrued liabilities	1,092,499	715,635
Deferred revenues	3,191,395	3,598,584
	<u>4,283,894</u>	<u>4,314,219</u>
Net Surplus	2,089,175	1,310,364
Non-Financial Assets		
Tangible capital assets (Notes 1(c) and 2)	24,969,961	21,666,332
Prepaid expenses and inventory	59,511	44,267
	<u>25,029,471</u>	<u>21,710,598</u>
Accumulated surplus	\$ 27,118,646	\$ 23,020,962
Accumulated surplus consists of:		
Operating surplus	\$ -	\$ 133,380
Reserves (Note 1(d) and Schedule 5)	2,148,685	1,221,251
Equity in tangible capital assets	24,969,961	21,666,332
	<u>\$ 27,118,646</u>	<u>\$ 23,020,962</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

	2022 Budget (Note 7)	2022 Actual	2021 Actual
Revenues			
Government grants & transfer payments:			
Provincial - Section 39	\$ 104,417	\$ 104,417	\$ 104,417
- Drinking Source Water Protection Program	95,500	70,258	121,892
- MNR (Water & Erosion Control Infrastructure)	-	-	(26,652)
- Other	806,188	704,778	664,966
Federal	341,750	2,271,307	990,642
Municipal			
Levy - General	2,522,888	2,522,888	2,485,204
Levy - Special	1,017,415	1,017,415	969,414
Remedial projects, studies and risk management services	1,112,500	2,785,973	454,760
Total government revenues	6,000,658	9,477,037	5,764,644
Self-generated & other revenues			
Fee for service, program fees & admissions	1,485,600	1,669,799	1,606,630
Leases & property rentals	85,500	88,748	85,937
Interdepartmental recoveries	758,200	837,059	781,190
Donations & other grants			
General	113,000	188,602	262,518
Essex Region Conservation Foundation	467,000	684,955	460,780
In-kind contributions	90,000	1,076,158	30,613
Interest & miscellaneous income	30,000	89,518	31,251
Net gain on disposal of assets	-	34,000	22,500
Proceeds of insurance (Note 12)	-	150,000	-
Total other revenues	3,029,300	4,818,839	3,281,420
Change in deferred revenue			
Net transfers from / (to) deferred revenue	(45,900)	407,189	(869,377)
TOTAL REVENUES	\$ 8,984,058	\$ 14,703,066	\$ 8,176,687
Expenses			
Watershed management services (Schedule 1)	1,858,630	1,837,905	1,755,260
Conservation services (Schedule 2)	5,327,128	6,794,369	3,893,034
Communications & outreach (Schedule 3)	369,150	361,230	342,565
Corporate services (Schedule 4)	1,262,150	1,224,999	1,153,208
	8,817,058	10,218,504	7,144,067
Amortization	317,500	386,878	377,743
	9,134,558	10,605,382	7,521,810
Net Surplus/(Deficit) for the Year	(150,500)	4,097,684	654,877
Accumulated Surplus, Beginning of Year	23,020,962	23,020,962	22,366,085
Accumulated Surplus, End of Year	\$ 22,870,462	\$ 27,118,646	\$ 23,020,962

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**

	2022 Actual	2021 Actual
Cash provided for (used in):		
Operating Activities		
Net surplus for the year	\$ 4,097,684	\$ 654,877
Non cash items:		
Amortization	386,878	377,743
Gain on sale of tangible capital assets	(34,000)	(22,500)
Donations of land (FMV)	(1,050,000)	-
(Increase) decrease accounts receivable	(1,365,718)	779,952
Increase prepaid expenses and inventory	(15,244)	(6,364)
Increase (decrease) accounts payable and accruals	376,864	(113,428)
Increase (decrease) deferred revenues	(407,190)	869,377
	1,989,275	2,539,657
Investing/Capital Activities		
Constructed tangible capital assets	(201,395)	(805,973)
Construction in progress of capital assets	(150,843)	-
Purchase of land	(2,167,288)	-
Purchase of vehicles and equipment	(86,980)	(93,246)
	(2,606,507)	(899,219)
(Decrease) Increase in cash and cash equivalents	(617,232)	1,640,438
Cash and cash equivalents, beginning of year	4,815,475	3,175,037
Cash and cash equivalents, end of year	4,198,243	\$ 4,815,475

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

	2022 Budget (Note 7)	2022 Actual	2021 Actual
Net surplus/(deficit) for the year	\$ (150,500)	\$ 4,097,684	\$ 654,877
Donated land	-	(1,050,000)	-
Purchase of land	-	(2,167,288)	-
Acquisition and/or construction of tangible capital assets	-	(352,238)	(805,973)
Purchase of tangible capital assets	(85,000)	(86,980)	(93,246)
Gain on sale/disposal/destruction of assets	-	(34,000)	(22,500)
Change in prepaid expenses and supplies inventory	-	(15,244)	(6,364)
Amortization of tangible capital assets	317,500	386,878	377,743
Increase in net surplus	82,000	778,811	104,537
Net surplus , beginning of year	1,310,364	1,310,364	1,205,827
Net surplus, end of year	1,392,364	2,089,175	1,310,364

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 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
Linear Assets (Sewer and Water)	35 to 60 years
Machinery and Field Equipment	7 to 40 years
Vehicles	7 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-21	Additions	Disposals	Balance 31-Dec-22
Land	\$ 12,181,612	\$ 3,217,288	\$ -	\$ 15,398,900
Land/Site improvements	5,586,165	201,395	-	5,787,561
Buildings	2,038,762	-	-	2,038,762
Engineered structures	2,102,010	-	-	2,102,010
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	421,281	-	69,014	490,295
Buildings	387,033	-	39,140	426,172
Engineered structures	871,753	-	62,012	933,765
Leasehold improvements	882,989	-	106,562	989,551
Machinery and field equipment	368,259	-	28,910	397,169
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	5,164,884			5,297,266
Buildings	1,651,729			1,612,589
Engineered structures	1,230,257			1,168,245
Leasehold improvements	1,051,896			945,334
Machinery and field equipment	158,548			129,638
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)

Cost	Balance 31-Dec-20	Additions	Disposals	Balance 31-Dec-21
Land	\$ 12,181,612	\$ -	\$ -	\$ 12,181,612
Land/Site improvements	5,586,165	-	-	5,586,165
Buildings	479,222	1,559,540	-	2,038,762
Engineered structures	2,102,010	-	-	2,102,010
Leasehold improvements	1,644,176	290,709	-	1,934,885
Machinery and field equipment	517,269	19,691	(10,153)	526,806
Vehicles	544,939	96,056	(79,619)	561,376
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	116,682	-	(10,975)	105,707
Capital works-in-progress	1,044,276	-	(1,044,276)	-
	\$ 24,319,631	\$ 1,965,995	\$ (1,145,024)	\$ 25,140,603
Accumulated Amortization	Balance 31-Dec-20	Disposals	Amortization	Balance 31-Dec-21
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	359,297	-	61,984	421,281
Buildings	347,732	-	39,301	387,033
Engineered structures	801,844	-	69,909	871,753
Leasehold improvements	776,427	-	106,562	882,989
Machinery and field equipment	349,502	(10,153)	28,910	368,259
Vehicles	381,132	(79,619)	62,261	363,773
Furniture and fixtures	85,460	-	3,564	89,024
Computer hardware and software	95,881	(10,975)	5,253	90,159
Capital works-in-progress	-	-	-	-
	\$ 3,197,275	\$ (100,747)	\$ 377,743	\$ 3,474,270
	Net Book Value 31-Dec-20			Net Book Value 31-Dec-21
Land	\$ 12,181,612			\$ 12,181,612
Land/Site improvements	5,226,868			5,164,884
Buildings	131,490			1,651,729
Engineered structures	1,300,166			1,230,257
Leasehold improvements	867,749			1,051,896
Machinery and field equipment	167,767			158,548
Vehicles	163,808			197,603
Furniture and fixtures	17,820			14,256
Computer hardware and software	20,801			15,548
Capital works-in-progress	1,044,276			-
	\$ 21,122,356			\$ 21,666,332

**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 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 \$ 430,249 (2021 - \$203,025).

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 2022 employer’s portion of OMERS pension contributions was \$261,937 (2021 - \$277,546).

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

6. Expenses by Object

	2022	2022	2021
	Budget	Audited	Audited
Wages & benefits	\$4,143,350	\$4,086,674	\$4,001,099
Construction - municipal projects	246,500	249,043	182,603
Construction - special grant projects	1,000,000	2,798,721	409,287
Construction - ERCA capital projects	835,200	402,111	40,466
Plant material, removals & landowner subsidies - special grant projects	343,571	455,829	471,747
Plant material, removals & landowner subsidies - ERCA operations	61,000	62,808	13,371
Program supplies - special grant projects	39,750	72,786	43,816
Site & operational supplies - Conservation Areas	92,273	121,853	98,654
Office supplies & expenses - other ERCA operations	23,737	23,423	24,702
Occupancy, taxes, utilities & waste removal	334,813	340,140	318,250
Maintenance, repairs & security - sites	108,972	55,909	83,497
Maintenance, repairs & supplies - fleet/equipment	94,500	121,129	111,194
Equipment, software/hardware & website - special grant projects	24,000	46,467	23,915
Equipment, software/hardware & website - ERCA operations	86,523	79,342	122,035
Lab, data, technical & sub-contracted services - special grant projects	66,750	33,897	47,492
Lab, data, technical & sub-contracted services - ERCA operations	42,500	69,875	66,957
Insurance	118,150	176,977	122,371
Audit, legal & consulting services	163,000	52,675	49,219
Dues & memberships	50,879	49,832	49,954
Travel, training & professional development	18,540	10,348	8,084
Board, committee & meeting expenses	20,000	17,880	19,245
Bank, credit card charges and interest	28,300	27,567	34,124
In-kind supplies & services	90,000	26,158	25,613
Amortization	317,500	386,878	377,743
	\$8,349,808	\$9,768,323	\$6,745,434
Internal recoveries included in revenues	784,750	837,059	776,376
Total Expenses	\$9,134,558	\$10,605,382	\$7,521,810

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

7. Budget Amounts:

The 2022 budget amounts that were approved on April 14, 2022, 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 02/22)	Actual
Budgeted Deficit	\$ (150,500)	
Capital items included as operating expenses	892,500	
Adjusted/Actual Net Surplus	742,000	4,097,684
Donated land	-	(1,050,000)
Gain on Sale of Vehicles	-	(34,000)
Capitalized items	(892,500)	(352,238)
Land Acquisition*	-	(2,167,288)
	(150,500)	494,157
Acquisition of fleet & equipment	(85,000)	(86,980)
Net transfers from reserves (Schedule 5)	328,000	23,750
	92,500	430,927
Amortization	317,500	386,878
	410,000	817,805
Net transfers to reserves (Schedule 5)	(410,000)	(591,377)
Additional reallocation to infrastructure reserve FAAB 05/23		(359,807)
Decrease in accumulated operating surplus	\$ -	\$ (133,379)

* 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, 2022, no balance (2021 -\$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 \$684,955 (2021 - \$460,780) 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:

	2022	2021
<i>Financial position:</i>		
Total assets	\$ 483,052	\$ 739,956
Total liabilities	\$ 84,450	\$ 255,942
Net assets	398,602	484,014
	\$ 483,052	\$ 739,956
<i>Results of operations:</i>		
Total revenue	\$ 460,709	\$ 620,633
Total expenses (including grants)	546,121	509,246
Surplus/(Deficiency) of income over expenditures for the year	\$ (85,412)	\$ 111,388
<i>Cash flows:</i>		
Operating	\$ 497,446	\$ 547,788
Investing	3,822	1,097
Distributions	(714,495)	(494,326)

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. Proceeds of Insurance

On 27 August, 2020, The Essex Region Conservation Authority became aware that it was a victim of a social engineering scheme, which resulted in a financial loss of \$292,742. The Authority maintains coverage for losses and related expenses, resulting from cybercrime and social engineering incidents. An accrual of \$150,000 has been made for proceeds of insurance, to reflect a settlement received early in 2023 but continues to be actively engaged with its agents and insurers regarding an appropriate basis of settlement.

13. 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)

13. Conservation Authorities Act Legislative Framework (Continued)

While the future financial impact on the Authority's operations is unknown and cannot be quantified at this time, the changes to the legislative framework have broad implications for the financing of the Authority's non-mandatory operations, fully effective on January 1, 2024. 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. The Authority is actively engaged in complying with the components and timelines of the *Transition Plan*, in accordance with Regulation 687/21, and expects to engage its participating municipalities in consultation, regarding the financing of non-mandatory services, through apportionment agreements, during 2023.

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

(Note 7)

	2022	2022	2021
	Budget	Actual	Actual
Schedule 1- Watershed Management Services			
Regulations, Compliance & Development Services			
Wages, benefits & professional development	\$ 796,000	\$ 803,649	\$ 732,682
Supplies, insurance, corporate services	209,600	213,323	183,406
Legal fees & consulting	10,000	4,579	-
Travel & vehicle charges	21,600	19,483	14,343
	1,037,200	1,041,034	930,431
Municipal Planning Supports (Hazards & Natural Heritage)			
Wages, benefits & professional development	234,000	258,559	220,424
Supplies, insurance, corporate services	41,150	58,968	41,931
	275,150	317,527	262,355
Provincial Section 39 Flood & Erosion Program			
Wages, benefits & professional development	156,000	128,587	153,031
Computers, data, & telecommunications	35,500	36,079	39,731
Supplies, insurance, corporate services	44,780	40,339	43,927
Vehicle charges	6,000	6,635	3,982
	242,280	211,640	240,671
Municipal Infrastructure Projects & Studies (WECI, Hazards Mapping)			
Consulting	246,500	249,043	144,685
Construction, materials & equipment	-	-	37,918
Wages, supplies, travel & allocated overhead	32,500	18,660	24,995
	279,000	267,704	207,597
Regional Climate Change Projects			
Wages, benefits & professional development	-	-	79,361
Consulting & technical services	25,000	-	19,754
Supplies, insurance & shared services allocation	-	-	15,091
	25,000	-	114,206
	\$ 1,858,630	\$ 1,837,905	\$ 1,755,260

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

(Note 7)

2022	2022	2021
Budget	Actual	Actual

Schedule 2 - Conservation Services

Conservation Areas, Land Protection & Restoration

Program Planning, Management & Development

Wages, benefits & professional development	\$ 131,000	\$ 105,422	\$ 124,238
Supplies, insurance & shared services allocation	25,515	19,486	23,586
Travel & vehicle	2,000	2,681	-
	158,515	127,589	147,823

Land Acquisition

Wages, benefits & professional development	18,300	20,074	14,686
Supplies, insurance & shared services allocation	6,000	12,099	4,617
Surveys, appraisals, consulting, legal	22,700	2,530	20,002
	47,000	34,704	39,305

Tree Planting and Habitat Restoration

Wages, benefits & professional development	288,800	282,347	250,705
Plants, contracted construction, engineering & technical resources	240,571	331,164	322,698
Supplies, insurance & shared services allocation	119,379	124,604	125,811
Vehicle & field equipment usage	46,150	51,162	37,453
Landowner contributions (donated services)	-	2,171	14,478
	694,900	791,448	751,145

Other Municipal Restoration and Fee For Service Initiatives

Wages, benefits & professional development	7,300	26,037	81,303
Plants, contracted construction, engineering & technical resources	1,000,000	2,826,874	367,799
Supplies, insurance & shared services allocation	2,150	22,364	14,534
Vehicle & field equipment usage	2,800	5,831	19,355
	1,012,250	2,881,107	482,991

Conservation Areas Maintenance

Wages, benefits & professional development	389,900	316,807	264,240
Utilities, taxes, insurance & corporate allocation	230,750	224,075	199,257
Vehicle & field equipment charges	46,100	101,682	58,288
Maintenance supplies	47,410	50,343	48,449
Construction & capital items	89,600	55,682	87,964
Plant material & removal	24,000	17,762	1,909
	827,760	766,351	660,108

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

(Note 7)

2022

2022

2021

Budget

Actual

Actual

Schedule 2 - Conservation Services (Continued)

John R Park Homestead Conservation Area

Revenues

Admissions, sales & program fees	\$ 45,750	\$ 85,287	\$ 16,485
Municipal levies	189,565	189,565	187,065
Government grants	29,688	88,962	38,909
Other grants & donations	23,000	33,142	1,348
Net transfers to reserves	(15,000)	(93,500)	(10,000)
	273,003	303,456	233,807

Expenses

Wages, benefits & professional development	182,000	202,143	168,331
Utilities, taxes, insurance & corporate allocation	61,900	62,899	49,592
Supplies and maintenance - office, site & curatorial	22,603	28,372	22,931
Cost of goods sold	3,500	7,837	2,565
Capital replacement and repairs	3,000	1,248	6,978
	273,003	302,500	250,396

Holiday Beach Conservation Area

Revenues

Admissions, events & camping fees	273,100	287,789	283,538
Municipal levies	6,000	6,000	-
Property/land rental	42,500	44,794	41,338
Net transfers to reserves	-	(5,494)	-
	321,600	333,089	324,876

Expenses

Wages, benefits & professional development	166,800	154,962	162,625
Site, capital & major maintenance	16,500	9,932	8,104
Utilities, taxes, insurance & corporate allocation	75,100	79,079	73,988
Supplies - office, network, events, janitorial	45,164	65,291	55,835
Vehicle & field equipment usage	17,036	19,699	23,535
Sub contracting & consulting	1,000	4,126	999
	321,600	333,089	325,086

Conservation Areas/Trails Infrastructure Investment (Non capitalized)

Contract construction, materials, consulting & technical resources	848,000	439,898	83,786
Wages, benefits & professional development	14,000	36,299	5,563
Insurance, legal & corporate allocation	30,500	14,280	18,880
	892,500	490,477	108,229

Fleet & Field/Shop Equipment

Maintenance, repairs, rentals & non-capital replacements	61,900	67,308	74,347
Fuel	31,000	57,935	36,707
Insurance & licences	19,450	18,383	20,058
	112,350	143,626	131,111

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

(Note 7)

2022

2022

2021

Budget

Actual

Actual

Schedule 2 - Conservation Services (Continued)

Science & Research

Drinking Water Source Protection

Wages, benefits & professional development	\$ 79,000	\$ 75,556	\$ 77,603
Supplies, advertising, insurance & shared services allocation	13,500	13,570	13,674
Committee member per diems	3,000	4,345	4,245
	95,500	93,471	95,522

Water Quality Programs (Sampling, Demo Farm, & Agricultural Stewardship)

Wages, benefits & professional development	70,500	32,285	7,636
Supplies, insurance & shared services allocation	50,600	37,658	12,720
Lab/technical services, speciality equipment & software	9,750	9,467	16,936
Plant material, construction & landowner subsidies	23,000	5,396	14,244
Vehicle & field equipment charges	9,500	13,672	6,573
	163,350	98,479	58,108

Water Quality Term Projects (Externally Funded)

Wages, benefits & professional development	398,000	429,756	474,034
Supplies, insurance & shared services allocation	160,650	137,510	126,336
Lab/technical services, speciality equipment & software	71,000	50,748	38,788
Plant material, construction & landowner subsidies	80,000	85,173	161,261
Vehicle & field equipment charges	3,250	11,366	17,357
	712,900	714,553	817,776

Municipal Risk Management Services (Part IV Clean Water Act)

Wages, benefits & professional development	12,000	11,755	19,889
Supplies, mileage, insurance & shared services allocation	3,500	5,222	5,545
	15,500	16,977	25,434

\$ 5,327,128 \$ 6,794,369 \$ 3,893,034

Schedule 3 - Communications & Outreach

Corporate Communications, Outreach & Engagement

Wages, benefits & professional development	\$ 219,000	\$ 189,397	\$ 195,223
Supplies, consulting, insurance & shared services allocation	47,300	51,640	27,278
	266,300	241,037	222,501

Outdoor & Conservation Education

Wages, benefits & professional development	36,100	43,465	59,863
Supplies, insurance & shared services allocation	16,900	8,556	11,650
	53,000	52,021	71,513

Community Events & Special Grant Projects

Wages, benefits & professional development	15,250	34,354	25,210
Plant materials, event supplies & technical/consulting resources	34,600	33,818	23,340
	49,850	68,172	48,551

\$ 369,150 \$ 361,230 \$ 342,565

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

(Note 7)

2022	2022	2021
Budget	Actual	Actual

Schedule 4 - Corporate Services

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

Wages, benefits & professional development	\$ 816,000	\$ 833,748	\$ 771,624
Occupancy	136,000	134,385	135,756
Professional fees - audit, legal & consulting	48,000	29,891	45,786
Dues & memberships	44,500	42,681	43,068
Office equipment, computers/network & phone	61,150	61,292	45,464
Supplies & miscellaneous	11,000	12,378	9,446
Board meetings & per diems	15,000	11,760	15,000
Travel (staff & members)	4,500	2,424	710
Retiree benefits	22,000	21,094	19,842
Insurance (D&O, main office)	6,000	9,224	6,962
	1,164,150	1,158,876	1,093,658

Special Projects (Records, Data, HR)

Consulting/Software/Hardware	43,000	10,000	-
	43,000	10,000	-

Supports Provided to Essex Region Conservation Foundation

Wages, benefits & professional development	55,000	56,123	59,550
<i>Support grant received of \$55,000</i>			
	\$ 1,262,150	\$ 1,224,999	\$ 1,153,208
	\$ 8,817,058	\$ 10,218,504	\$ 7,144,067

Essex Region Conservation Authority**Schedule 5 - Continuity of Reserves**

	Actual Balance at December 31, 2021	Budgeted Transfers to Reserves	Actual Transfers to Reserves	Budgeted Transfers from Reserves	Actual Transfers from Reserves	Actual Balance at December 31, 2022
Canard River Low Flow	20,319	-	-	-	-	20,319
Canard River Maintenance	27,538	-	-	-	-	27,538
Tree Replacement	90,000	-	-	-	-	90,000
Building/Suite	228,000	-	-	-	-	228,000
Infrastructure & Major Maintenance	136,198	395,000	773,099	186,000	23,750	885,547
Revenue Stabilization	148,342	-	-	-	-	148,342
Project Grant Matching	100,000	-	-	-	-	100,000
Office Equipment, Computers & Network	46,508	-	-	43,000	-	46,508
Vehicle & Equipment Replacement	164,287	-	23,000	43,000	-	187,287
Legal & Insurance Claims	50,000	-	-	-	-	50,000
General/Admin/Human Resources	104,685	-	35,000	-	-	139,685
Historic Properties	105,374	15,000	120,085	56,000	-	225,459
	\$ 1,221,251	\$ 410,000	\$ 951,184	\$ 328,000	\$ 23,750	\$ 2,148,685