

Essex Region Conservation Authority

**Financial Statements
December 31, 2021**

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, 2021
- 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, 2021, 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 23, 2022

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

	2021		2020
Financial Assets			
Cash and cash equivalents (Note 1(i))	4,815,475	\$	3,175,037
Accounts receivable (Note 4)	809,108		1,589,059
	5,624,583		4,764,097
Financial Liabilities			
Accounts payable and accrued liabilities	715,635		829,063
Deferred revenues	3,598,584		2,729,208
	4,314,219		3,558,271
Net Surplus	1,310,364		1,205,826
Non-Financial Assets			
Tangible capital assets (Notes 1(c) and 2)	21,666,332		21,122,356
Prepaid expenses and inventory	44,267		37,903
	21,710,598		21,160,259
Accumulated surplus	\$ 23,020,962	\$	22,366,085
Accumulated surplus consists of:			
Operating surplus	\$ 133,380	\$	52,331
Reserves (Note 1(d) and Schedule 5)	1,221,251		1,191,398
Equity in tangible capital assets	21,666,332		21,122,356
	\$ 23,020,962	\$	22,366,085

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

	2021 Budget (note 7)	2021 Actual	2020 Actual
Revenues			
Government grants & transfer payments:			
Provincial - Section 39	\$ 104,417	\$ 104,417	\$ 104,417
- Drinking Source Water Protection Program	95,000	121,892	52,734
- MNR (Water & Erosion Control Infrastructure) (recovery)	17,625	(26,652)	52,875
- Other	474,188	664,966	519,926
Federal	729,500	990,642	996,414
Municipal			
Levy - General	2,485,204	2,485,204	2,336,666
Levy - Special	969,415	969,414	1,050,000
Remedial projects, studies and risk management services	2,023,600	454,760	1,088,846
Total government revenues	6,898,949	5,764,644	6,201,879
Self-generated & other revenues			
Fee for service, program fees & admissions	1,219,385	1,606,630	1,145,495
Leases & property rentals	80,600	85,937	80,255
Interdepartmental recoveries	803,000	781,190	676,066
Donations & other grants			
General	193,500	262,518	156,010
Essex Region Conservation Foundation (note 10)	421,500	460,780	544,276
In-kind contributions	20,000	30,613	39,222
Interest and miscellaneous income	30,000	31,251	64,690
Net gain on disposal of assets	-	22,500	-
Total other revenues	2,767,985	3,281,420	2,706,015
Change in deferred revenue			
Net transfers to deferred revenue	(130,650)	(869,377)	(545,651)
TOTAL REVENUES	9,536,284	8,176,687	8,362,242
Expenses			
Watershed management services (Schedule 1)	2,086,830	1,755,260	1,801,569
Conservation services (Schedule 2)	5,886,904	3,893,034	3,884,950
Communications & outreach (Schedule 3)	406,800	342,565	299,602
Corporate services (Schedule 4)	1,186,750	1,153,208	991,376
	9,567,284	7,144,067	6,977,497
Amortization (note 2)	315,500	377,743	309,545
Total expenses before extraordinary item	9,882,784	7,521,810	7,287,042
Extraordinary item (note 12)	-	-	292,742
TOTAL EXPENSES	9,882,784	7,521,810	7,579,784
Net Surplus (Deficit) for the Year	(346,500)	654,877	782,458
Accumulated Surplus, Beginning of Year	22,366,085	22,366,085	21,583,627
Accumulated Surplus, End of Year	\$ 22,019,585	\$ 23,020,962	\$ 22,366,085

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**

	2021 Actual	2020 Actual
Cash provided for (used in):		
Operating Activities		
Net surplus for the year	\$ 654,877	\$ 782,458
Non cash items:		
Amortization	377,743	309,545
Gain on sale of tangible capital assets	(22,500)	-
(Increase) decrease accounts receivable	779,951	(856,389)
(Increase) decrease prepaid expenses and inventory	(6,364)	9,860
Increase (decrease) accounts payable and accruals	(113,426)	259,498
Increase deferred revenues	869,377	545,651
	2,539,657	1,050,624
Investing/Capital Activities		
Constructed tangible capital assets	(805,973)	(221,910)
Construction in progress of tangible capital assets	-	(1,023,929)
Acquisition of land	-	(115,562)
Purchase of tangible capital assets	(93,246)	(53,635)
	(899,219)	(1,415,036)
(Decrease) Increase in cash and cash equivalents	1,640,439	(364,412)
Cash and cash equivalents, beginning of year	3,175,037	3,539,449
Cash and cash equivalents, end of year	\$ 4,815,475	\$ 3,175,037

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

	2021 Budget (note 7)	2021 Actual	2020 Actual
Net surplus/(deficit) for the year	\$ (346,500)	\$ 654,877	\$ 782,458
Acquisition of land	-	-	(115,562)
Acquisition and/or construction of tangible capital assets	-	(805,973)	(1,245,839)
Purchase of tangible capital assets	(88,000)	(93,246)	(53,635)
Gain on sale/disposal/destruction of assets	-	(22,500)	-
Change in prepaid expenses and supplies inventory	-	(6,364)	9,860
Amortization of tangible capital assets	315,500	377,743	309,545
Increase (decrease) in net surplus	(119,000)	104,538	(313,172)
Net surplus , beginning of year	1,205,826	1,205,826	1,518,998
Net surplus, end of year	\$ 1,086,826	\$ 1,310,364	\$ 1,205,826

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.

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, heritage/historical assets held in perpetuity and minority ownership in assets owned by other public sector organizations.

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. Finance, administration and overhead items 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.

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

1. Summary of Significant Accounting Policies (Continued)

- 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.

- 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-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)

Cost	Balance 31-Dec-19	Additions	Disposals	Balance 31-Dec-20
Land	\$ 12,066,050	\$ 115,562	\$ -	\$ 12,181,612
Land/Site improvements	5,586,165	-	-	5,586,165
Buildings	479,222	-	-	479,222
Engineered structures	1,920,100	221,910	(40,000)	2,102,010
Leasehold improvements	1,644,176	-	-	1,644,176
Machinery and field equipment	517,269	-	-	517,269
Vehicles	491,304	53,635	-	544,939
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	116,682	-	-	116,682
Capital works-in-progress	20,347	1,023,929	-	1,044,276
	\$ 22,944,595	\$ 1,415,036	\$ (40,000)	\$ 24,319,631
Accumulated Amortization	Balance 31-Dec-19	Disposals	Amortization	Balance 31-Dec-20
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	297,313	-	61,984	359,297
Buildings	339,582	-	8,150	347,732
Engineered structures	771,935	(40,000)	69,909	801,844
Leasehold improvements	696,293	-	80,134	776,427
Machinery and field equipment	319,218	-	30,285	349,502
Vehicles	332,593	-	48,539	381,132
Furniture and fixtures	81,896	-	3,564	85,460
Computer hardware and software	88,901	-	6,981	95,881
Capital works-in-progress	-	-	-	-
	\$ 2,927,730	\$ (40,000)	\$ 309,545	\$ 3,197,275
	Net Book Value 31-Dec-19			Net Book Value 31-Dec-20
Land	\$ 12,066,050			\$ 12,181,612
Land/Site improvements	5,288,852			5,226,868
Buildings	139,640			131,490
Engineered structures	1,148,165			1,300,166
Leasehold improvements	947,883			867,749
Machinery and field equipment	198,051			167,767
Vehicles	158,712			163,808
Furniture and fixtures	21,384			17,820
Computer hardware and software	27,781			20,801
Capital works-in-progress	20,347			1,044,276
	\$ 20,016,865			21,122,356

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 certain 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.

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 Rebate of \$ 203,025 (2020 - \$344,217).

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 2021 employer's portion of OMERS pension contributions was \$277,546 (2020 - \$261,172).

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

6. Expenses by Object

	2021 APPROVED	2021 ACTUAL	2020 AUDITED
Expenses by Classification			
Wages & benefits - ERCA operations	3,281,500	3,155,420	2,813,104
Wages & benefits - special grant projects	672,295	845,679	739,273
Construction - municipal projects	481,750	182,603	61,385
Construction - special grant projects	1,977,000	409,287	1,176,295
Construction - ERCA capital projects	783,000	50,394	174,031
Plant material, removals & landowner subsidies - special grant projects	368,571	471,747	229,364
Plant material, removals & landowner subsidies - ERCA operations	84,300	13,371	18,129
Program supplies - special grant projects	39,785	43,816	41,665
Site & operational supplies - Conservation Areas	75,899	98,654	60,754
Office supplies & expenses - other ERCA operations	35,037	24,702	24,683
Occupancy, taxes, utilities & waste removal	320,513	318,250	297,578
Maintenance, repairs & security - sites	55,186	83,497	70,530
Maintenance, repairs & supplies - fleet/equipment	100,900	111,194	99,033
Equipment, software/hardware & website - special grant projects	10,000	23,915	43,913
Equipment, software/hardware & website - ERCA operations	97,923	122,035	41,109
Lab, data, technical & sub-contracted services - special grant	34,305	37,563	46,880
Lab, data, technical & sub-contracted services - ERCA operations	87,500	89,941	49,744
Insurance, audit & legal	132,450	148,606	197,679
Dues & memberships	49,679	49,954	52,300
Travel, training & professional development	18,540	8,084	3,314
Board, committee & meeting expenses	19,000	19,245	21,487
Bank, credit card charges & interest	14,100	34,124	20,820
In-kind supplies & services	20,000	25,613	39,222
Amortization	315,500	377,743	309,545
Extraordinary item	-	-	292,742
Other	-	-	45
	\$ 9,074,733	\$ 6,745,434	\$ 6,924,624
Internal recoveries included in revenues	808,051	776,376	655,160
Total Expenses	\$ 9,882,784	\$ 7,521,810	\$ 7,579,784

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

7. Budget Amounts:

The 2021 budget amounts that were approved on April 8, 2021, 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:

	Budget (BD 07/21)	Actual
Budgeted Deficit	\$ (346,500)	
Capital items included as operating expenses	700,000	
Adjusted/Actual Net Surplus	353,500	654,877
Gain on Sale of Vehicles	-	(22,500)
Capitalized items	(700,000)	(805,973)
	(346,500)	(173,596)
Acquisition of fleet & equipment	(88,000)	(93,246)
Net transfers from reserves (Schedule 5)	490,000	386,500
	55,500	119,658
Amortization	315,500	377,743
	371,000	497,401
Net transfers to reserves (Schedule 5)	(371,000)	(416,353)
Increase in Operating Surplus	\$ -	\$ 81,048

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, 2021 no balance (2020 - \$0) was payable under this facility.

9. 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.

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

10. 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 \$460,780 (2020 - \$544,276) 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:

	2021	2020
<i>Financial position:</i>		
Total assets	\$ 739,956	\$ 619,691
Total liabilities	\$ 255,942	\$ 247,065
Net assets	484,014	372,626
	\$ 739,956	\$ 619,691
<i>Results of operations:</i>		
Total revenue	\$ 620,633	\$ 331,261
Total expenses (including grants)	509,246	691,979
Surplus/(Deficiency) of income over expenditures for the year	\$ 111,388	\$ (360,718)
<i>Cash flows:</i>		
Operating	\$ 547,788	\$ 287,811
Investing	1,097	8,916
Distributions	(494,326)	(572,992)

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

11. Comparative Figures

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

12. Extraordinary Item

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 cyber crime and social engineering incidents, and continues to be actively engaged with its insurers regarding this claim. No accrual has been made for proceeds of insurance at this time.

13. COVID-19 Operating Implications

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and on March 17, 2020, the Province of Ontario declared a state of emergency. As a result of directives and restrictions that remained in place throughout 2021, and to minimize risks to staff, board members and volunteers, ERCA maintained certain changed elements of its operations, but continued to deliver essential services with little to no impact on service delivery or revenues. Several non-essential activities continued to be delivered in a virtual format while other non-essential activities proceeded when permitted under the Province of Ontario's legislation, pertaining to COVID-19 restrictions.

The Authority continued to enact a mandatory work from home requirement, when it was practical, achievable and did not result in a disruption of essential services. A very small number of staff positions remained on permanent layoff or subject to hours reductions and those actions were undertaken in accordance with the terms of the collective agreement, as applicable to the affected staff members.

Any financial or operating implications of public health measures and restrictions, were largely anticipated in the 2021 Budget and while several operating units experienced unanticipated increases/decreases in revenues, as compared to budget, the financial implications were overall immaterial to the financial results of the Authority.

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

14. 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 programs and services 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

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 widespread implications for the Authority's 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, 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 governing municipalities in consultation, regarding the suite of non-mandatory services and funding agreements during 2022.

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

(note 7)

	2021	2021	2020
	Budget	Actual	Actual
Schedule 1- Watershed Management Services			
Regulations, Compliance & Development Services			
Wages, benefits & professional development	\$ 661,000	\$ 674,228	\$ 629,259
Supplies, insurance, corporate services	163,150	171,014	142,706
Legal fees & consulting	10,000	-	18,466
Travel, vehicle charges	20,500	14,343	14,280
	854,650	859,585	804,711
Municipal Planning Supports (Hazards & Natural Heritage)			
Wages, benefits & professional development	160,500	220,424	219,749
Supplies, insurance, corporate services	30,050	41,931	39,687
	190,550	262,355	259,436
Provincial Section 39 Flood & Erosion Program			
Wages, benefits & professional development	156,500	153,031	159,209
Computers, data, & telecommunications	35,500	39,731	34,222
Supplies, insurance, corporate services	50,680	43,927	41,604
Vehicle charges	6,000	3,982	4,600
	248,680	240,671	239,635
Technical Studies, Assessments & Modelling			
Wages, benefits & professional development	75,000	58,454	90,776
Supplies & overhead	19,150	12,392	16,506
	94,150	70,846	107,282
Municipal Infrastructure Projects & Studies (WECl, Hazards Mapping)			
Consulting	384,750	144,685	58,027
Construction, materials & equipment	96,000	37,918	-
Wages, supplies, travel & allocated overhead	29,950	24,995	4,848
	510,700	207,597	62,875
Regional Climate Change Term Projects			
Wages, benefits & professional development	86,500	79,361	109,206
Consulting & technical services	87,000	19,754	194,401
Supplies, insurance & shared services allocation	14,600	15,091	21,624
Vehicle & travel	-	-	2,400
	188,100	114,206	327,630
	\$ 2,086,830	\$ 1,755,260	\$ 1,801,569

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

(note 7)

	2021 Budget	2021 Actual	2020 Actual
Schedule 2 - Conservation Services			
Conservation Areas, Land Protection & Restoration			
Program Planning, Management & Development			
Wages, benefits & professional development	\$ 175,000	\$ 124,238	\$ 77,250
Supplies, insurance & shared services allocation	27,215	23,586	13,828
Travel & vehicle	2,000	-	1,000
	<u>204,215</u>	<u>147,823</u>	<u>92,078</u>
Land Acquisition			
Wages, benefits & professional development	17,000	14,686	21,920
Supplies, insurance & shared services allocation	5,000	4,617	7,378
Surveys, appraisals, consulting, legal	25,000	20,002	27,373
	<u>47,000</u>	<u>39,305</u>	<u>56,671</u>
Tree Planting and Habitat Restoration			
Wages, benefits & professional development	281,500	332,008	228,458
Plants, contracted construction, engineering & technical resources	2,109,571	690,497	1,108,335
Supplies, insurance & shared services allocation	120,754	140,345	77,209
Vehicle & field equipment usage	50,650	56,808	17,580
Landowner contributions (donated services)	-	14,478	5,033
	<u>2,562,475</u>	<u>1,234,136</u>	<u>1,436,614</u>
Conservation Areas Maintenance			
Wages, benefits & professional development	317,500	264,240	268,457
Utilities, taxes, insurance & corporate allocation	208,840	199,257	190,183
Vehicle & field equipment charges	75,500	58,288	91,365
Maintenance supplies	46,660	48,449	41,037
Construction & capital items	44,976	87,964	28,787
Plant material and removal	16,300	1,909	4,330
	<u>709,776</u>	<u>660,108</u>	<u>624,160</u>
John R Park Homestead Conservation Area			
Revenues			
Admissions, sales & program fees	68,202	16,485	28,398
Municipal levies	187,065	187,065	116,922
Government grants	23,688	38,909	61,641
Other grants & donations	1,348	1,348	290
Net transfers to reserves	-	(10,000)	(12,000)
	<u>280,303</u>	<u>233,807</u>	<u>195,251</u>
Expenses			
Wages, benefits & professional development	173,000	168,331	135,415
Utilities, taxes, insurance & corporate allocation	55,000	49,592	29,831
Supplies and maintenance - office, site & curatorial	36,303	22,931	14,388
Cost of goods sold	9,000	2,565	6,129
Capital replacement and repairs	7,000	6,978	8,891
	<u>280,303</u>	<u>250,396</u>	<u>194,655</u>

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

	(note 7) 2021 Budget	2021 Actual	2020 Actual
Schedule 2 - Conservation Services (Continued)			
Holiday Beach Conservation Area			
Revenues			
Admissions, events & camping fees	211,300	283,538	165,982
Municipal levies	27,000	-	50,602
Property/land rental	40,500	41,338	37,719
	278,800	324,876	254,303
Expenses			
Wages, benefits & professional development	133,250	162,625	127,721
Site, capital & major maintenance	22,250	8,104	23,067
Utilities, taxes, insurance & corporate allocation	64,700	73,988	53,667
Supplies - office, network, events, janitorial	39,778	55,835	31,087
Vehicle & field equipment usage	16,322	23,535	13,791
Sub contracting & consulting	2,500	999	1,151
	278,800	325,086	250,485
Conservation Areas/Trails Infrastructure Investment (Non-capitalized)			
Contract construction, materials, consulting & technical resources	675,500	83,391	163,560
Wages, benefits & professional development	15,000	5,563	13,986
Insurance, legal & corporate allocation	9,500	18,880	27,741
Vehicle & field equipment charges	-	395	4,980
	700,000	108,229	210,267
Fleet & Field/Shop Equipment			
Maintenance, repairs, rentals & non-capital replacements	60,000	74,347	71,759
Fuel	33,400	36,707	28,169
Insurance & licences	16,600	20,058	11,632
	110,000	131,111	111,560
Science & Research			
Drinking Water Source Protection			
Wages, benefits & professional development	80,000	77,603	68,824
Supplies, advertising, insurance & shared services allocation	12,000	13,674	11,061
Committee member per diems	3,000	4,245	3,310
Travel	-	-	302
	95,000	95,522	83,497
Water Quality Programs (Sampling, Demo Farm & Landowner Stewardship Incentives)			
Wages, benefits & professional development	79,500	7,636	60,915
Supplies, insurance & shared services allocation	37,050	12,720	28,379
Lab/technical services, speciality equipment & software	12,800	16,936	14,601
Plant material, construction & landowner subsidies	45,000	14,244	41,708
Vehicle & field equipment charges	8,000	6,573	6,320
	182,350	58,108	151,923

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

	(note 7) 2021	2021	2020
	Budget	Actual	Actual
Schedule 2 - Conservation Services (Continued)			
Water Quality Term Projects (Externally Funded)			
Wages, benefits & professional development	373,795	474,034	346,244
Supplies, insurance & shared services allocation	119,735	126,336	128,749
Lab/technical services, speciality equipment & software	77,305	38,788	39,118
Plant material, construction & landowner subsidies	124,000	161,261	88,276
Vehicle & field equipment charges	10,150	17,357	10,594
	704,985	817,776	612,982
Municipal Risk Management Services (Part IV Clean Water Act)			
Wages, benefits & professional development	10,000	19,889	47,803
Supplies, mileage, insurance & shared services allocation	2,000	5,545	12,255
	12,000	25,434	60,058
	\$ 5,886,904	\$ 3,893,034	\$ 3,884,950

Schedule 3 - Communications & Outreach

Corporate Communications, Outreach & Engagement			
Wages, benefits & professional development	\$ 234,000	\$ 195,223	\$ 229,286
Supplies, consulting, insurance & shared services allocation	32,650	26,254	24,978
Travel, vehicle & equipment	3,650	1,024	2,543
	270,300	222,501	256,807
Outdoor & Conservation Education			
Wages, benefits & professional development	55,000	59,863	36,775
Supplies, insurance & shared services allocation	13,170	11,398	5,409
Travel, vehicle & equipment	830	252	124
	69,000	71,513	42,308
Community Events & Special Grant Projects			
Wages, benefits & professional development	17,000	25,210	169
Plant materials, event supplies & technical/consulting resources	50,500	23,340	317
	67,500	48,551	486
	\$ 406,800	\$ 342,565	\$ 299,602

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

	(note 7) 2021	2021	2020
	Budget	Actual	Actual
Schedule 4 - Corporate Services			
Administration, Finance, HR & IT/(G)IS			
Wages, benefits & professional development	\$ 784,000	\$ 771,624	\$ 604,517
Occupancy	133,000	135,756	128,526
Professional fees - audit, legal & consulting	54,900	45,786	72,746
Dues & memberships	43,500	43,068	45,142
Office equipment, computers/network & phone	45,600	45,464	31,163
Supplies & miscellaneous	14,750	9,446	24,565
Board meetings & per diems	16,000	15,000	18,177
Travel (Staff & members)	4,500	710	752
Retiree benefits	16,000	19,842	12,125
Insurance (D&O, main office)	4,000	6,962	5,028
	1,116,250	1,093,658	942,740
Special Projects (Records, Data, HR)			
Software/Hardware	25,000	-	-
Supports to Essex Region Conservation Foundation			
Wages, benefits & professional development	45,500	59,550	48,636
<i>Support grant received of \$40,000</i>			
	\$ 1,186,750	\$ 1,153,208	\$ 991,376
	\$ 9,567,284	\$ 7,144,067	\$ 6,977,497

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

	Actual Balance at December 31, 2020	Budgeted Transfers to Reserves	Actual Transfers to Reserves	Budgeted Transfers from Reserves	Actual Transfers from Reserves	Actual Balance at December 31, 2021
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	207,698	300,000	315,000	425,000	386,500	136,198
Revenue Stabilization	148,342	-	-	-	-	148,342
Project Grant Matching	100,000	-	-	-	-	100,000
Office Equipment, Computers & Network	46,508	-	-	40,000	-	46,508
Vehicle & Equipment Replacement	164,287	-	-	25,000	-	164,287
Legal & Insurance Claims	50,000	-	-	-	-	50,000
General/Administration/Human Resources	35,332	64,000	69,353	-	-	104,685
Historic Properties	73,374	7,000	32,000	-	-	105,374
	\$ 1,191,398	\$ 371,000	\$ 416,353	\$ 490,000	\$ 386,500	\$ 1,221,251