

Essex Region Conservation Authority

**Financial Statements
December 31, 2019**

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, 2019
 - 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, 2019, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Essex Region Conservation Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Essex Region Conservation Authority's audit. We remain solely responsible for our audit opinion.

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
December 10, 2020

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

	2019	2018
Financial Assets		
Cash and cash equivalents (Note 1(i))	\$ 3,539,449	\$ 2,694,074
Accounts receivable (Note 4)	732,671	1,286,759
	<u>4,272,120</u>	<u>3,980,832</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 4)	569,564	777,909
Deferred revenues (Note 1(g))	2,183,557	1,853,466
	<u>2,753,121</u>	<u>2,631,375</u>
Net Surplus	1,518,999	1,349,457
Non-Financial Assets		
Tangible capital assets (Notes 1(c) and 2)	20,016,865	20,208,620
Prepaid expenses and inventory	47,763	60,492
	<u>20,064,628</u>	<u>20,269,112</u>
Accumulated surplus	\$ 21,583,627	\$ 21,618,569
Accumulated surplus consists of:		
Operating surplus	\$ 118,222	\$ 116,063
Reserves (Note 1(d) and Schedule 5)	1,448,539	1,293,887
Equity in tangible capital assets	20,016,865	20,208,619
	<u>\$ 21,583,627</u>	<u>\$ 21,618,569</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

	2019	2019	2018
	Budget	Actual	Actual
	(note 7)		
Revenues			
Government grants & transfer payments:			
Provincial - Section 39	\$ 202,263	\$ 104,417	\$ 202,263
- Drinking Source Water Protection Program	103,350	127,072	92,752
- MNR (Water & Erosion Control Infrastructure)	-	1,250	21,500
- Other	140,688	180,863	375,612
Federal	774,281	670,633	1,536,139
Municipal			
Levy - General	2,188,667	2,188,666	2,098,752
Levy - Special	1,050,000	1,050,000	1,050,000
Remedial projects, studies & risk management services	365,750	97,183	2,686,682
Total government revenues	4,824,999	4,420,084	8,063,700
Self-generated & other revenues			
Fee for service, program fees & admissions	1,168,563	1,570,107	1,361,308
Leases & property rentals	68,700	75,689	78,085
Interdepartmental recoveries	714,000	866,498	809,034
Donations & other grants			
General	228,400	87,767	302,104
Essex Region Conservation Foundation	461,385	533,083	270,120
In-kind contributions	19,500	39,516	578,259
Interest & miscellaneous income	60,000	86,522	44,782
Net gain on disposal of assets	5,000	4,000	3,166
Total other revenues	2,725,548	3,263,182	3,446,857
Change in deferred revenue			
Net transfers to deferred revenue	(162,950)	(330,090)	(601,436)
TOTAL REVENUES	\$ 7,387,597	\$ 7,353,176	\$ 10,909,121
Expenses			
Watershed management services (Schedule 1)	1,618,550	1,506,822	4,019,130
Conservation services (Schedule 2)	4,507,681	4,091,667	4,349,329
Communications & outreach (Schedule 3)	479,590	526,372	469,182
Corporate services (Schedule 4)	992,750	947,686	934,454
	7,598,571	7,072,547	9,772,095
Amortization	294,500	315,571	306,480
TOTAL EXPENSES	\$ 7,893,071	\$ 7,388,117	\$ 10,078,575
Net Surplus (Deficit) for the Year	(505,474)	(34,942)	830,546
Accumulated Surplus, Beginning of Year	21,618,569	21,618,569	20,788,023
Accumulated Surplus, End of Year	\$ 21,113,095	\$ 21,583,627	\$ 21,618,569

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**

	2019 Actual	2018 Actual
Cash provided for (used in):		
Operating Activities		
Net surplus (deficit) for the year	\$ (34,942)	\$ 830,546
Non cash items:		
Amortization	315,571	306,480
Gain on sale of tangible capital assets	(4,000)	(3,166)
Donations of land (FMV)	-	(550,000)
Decrease accounts receivable	554,087	541,166
(Increase) decrease prepaid expenses and inventory	12,729	(3,857)
Decrease accounts payable and accruals	(208,344)	(456,878)
Increase deferred revenues	330,090	601,436
	965,191	1,265,727
Investing/Capital Activities		
Constructed tangible capital assets	(45,881)	(220,893)
Construction in progress of tangible capital assets	(20,347)	(135,208)
Acquisition of land	-	(92,006)
Purchase of tangible capital assets	(53,588)	(111,405)
	(119,816)	(559,512)
Increase in cash and cash equivalents	845,375	706,215
Cash and cash equivalents, beginning of year	2,694,074	1,987,859
Cash and cash equivalents, end of year	\$ 3,539,449	\$ 2,694,074

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

	2019 Budget (note 7)	2019 Actual	2018 Actual
Net surplus (deficit) for the year	\$ (505,474)	\$ (34,942)	\$ 830,546
Donated land	-	-	(550,000)
Acquisition of land	-	-	(92,006)
Acquisition and/or construction of tangible capital assets	-	(66,228)	(356,101)
Purchase of tangible capital assets	(110,000)	(53,588)	(111,405)
Gain on sale/disposal/destruction of assets	-	(4,000)	(3,166)
Change in prepaid expenses and supplies inventory	-	12,729	(3,857)
Amortization of tangible capital assets	294,500	315,571	306,480
Increase (decrease) in net surplus	(320,974)	169,542	20,491
Net surplus , beginning of year	1,349,457	1,349,457	1,328,966
Net surplus, end of year	\$ 1,028,483	\$ 1,518,999	\$ 1,349,457

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 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 expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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 & water)	35 to 60 years
Leasehold improvements	Lease term
Machinery & 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 expenses 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 expenses 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-18	Additions	Disposals	Balance 31-Dec-19
Land	\$ 12,066,050	\$ -	\$ -	\$ 12,066,050
Land/Site improvements	5,586,165	-	-	5,586,165
Buildings	479,222	-	-	479,222
Engineered structures	1,739,011	181,089	-	1,920,100
Leasehold improvements	1,644,176	-	-	1,644,176
Machinery and field equipment	517,269	-	-	517,269
Vehicles	479,529	31,324	(19,549)	491,304
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	90,418	26,264	-	116,682
Capital works-in-progress	135,208	20,347	(135,208)	20,347
	\$ 22,840,328	\$ 259,024	\$ (154,757)	\$ 22,944,595
Accumulated Amortization	Balance 31-Dec-18	Disposals	Amortization	Balance 31-Dec-19
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	235,329	-	61,984	297,313
Buildings	331,432	-	8,150	339,582
Engineered structures	709,056	-	62,879	771,935
Leasehold improvements	616,159	-	80,134	696,293
Machinery and field equipment	285,283	-	33,934	319,218
Vehicles	294,197	(19,549)	57,945	332,593
Furniture and fixtures	78,332	-	3,564	81,896
Computer hardware and software	81,920	-	6,981	88,901
Capital works-in-progress	-	-	-	-
	\$ 2,631,708	\$ (19,549)	\$ 315,571	\$ 2,927,730
	Net Book Value 31-Dec-18			Net Book Value 31-Dec-19
Land	\$ 12,066,050			\$ 12,066,050
Land/Site improvements	5,350,836			5,288,852
Buildings	147,790			139,640
Engineered structures	1,029,955			1,148,165
Leasehold improvements	1,028,017			947,883
Machinery and field equipment	231,986			198,051
Vehicles	185,333			158,712
Furniture and fixtures	24,948			21,384
Computer hardware and software	8,498			27,781
Capital works-in-progress	135,208			20,347
	\$ 20,208,620			\$ 20,016,865

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

2. Tangible Capital Assets (Continued)

Cost	Balance 31-Dec-17	Additions	Disposals	Balance 31-Dec-18
Land	\$ 11,424,043	\$ 642,006	\$ -	\$ 12,066,050
Land/Site improvements	5,470,827	166,339	(51,000)	5,586,165
Buildings	479,222	-	-	479,222
Engineered structures	1,658,492	229,419	(148,900)	1,739,011
Leasehold improvements	1,578,280	65,896	-	1,644,176
Machinery and field equipment	464,115	53,154	-	517,269
Vehicles	447,920	55,114	(23,505)	479,529
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	157,334	6,303	(73,219)	90,418
Capital works-in-progress	240,761	135,208	(240,761)	135,208
	\$ 22,024,273	\$ 1,353,439	\$ (537,385)	\$ 22,840,328
Accumulated Amortization	Balance 31-Dec-17	Disposals	Amortization	Balance 31-Dec-18
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	223,345	(51,000)	62,984	235,329
Buildings	323,322	-	8,110	331,432
Engineered structures	802,320	(148,900)	55,636	709,056
Leasehold improvements	536,025	-	80,134	616,159
Machinery and field equipment	248,186	-	37,097	285,283
Vehicles	264,231	(23,505)	53,470	294,197
Furniture and fixtures	74,768	-	3,564	78,332
Computer hardware and software	149,654	(73,219)	5,485	81,920
Capital works-in-progress	-	-	-	-
	\$ 2,621,852	\$ (296,624)	\$ 306,480	\$ 2,631,708
	Net Book Value 31-Dec-17			Net Book Value 31-Dec-18
Land	\$ 11,424,043			\$ 12,066,050
Land/Site improvements	5,247,482			5,350,836
Buildings	155,900			147,790
Engineered structures	856,172			1,029,955
Leasehold improvements	1,042,255			1,028,017
Machinery and field equipment	215,929			231,986
Vehicles	183,689			185,333
Furniture and fixtures	28,512			24,948
Computer hardware and software	7,680			8,498
Capital works-in-progress	240,761			135,208
	\$ 19,402,421			\$ 20,208,620

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

2. Tangible Capital Assets (Continued)

The Authority owns historic treasures which are not included above, including the Kingsville Train Station and the John R. Park Homestead and its related 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 and cash equivalents, accounts receivables, accounts payables and accrued liabilities 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/Accounts Payable

Included in accounts receivable is an HST Rebate of \$210,122 (2018 - \$579,726).

Included in accounts payable is HST Payable of \$78,468 (2018 - \$7,590).

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 2019 employer's portion of OMERS pension contributions was \$ 292,523 (2018 - \$263,782).

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

6. Expenses by Object

	2019 APPROVED	2019 ACTUAL	2018 AUDITED
Expenses by Object			
Wages & benefits – ERCA operations	\$3,363,300	\$3,278,770	\$3,147,414
Wages & benefits – special grant projects	538,795	628,957	578,640
Construction – municipal projects	300,500	18,425	2,729,331
Construction – special grant projects	581,000	356,501	638,457
Construction – ERCA capital projects	566,550	289,370	105,565
Plant material, removals and landowner subsidies – special grant projects	415,636	297,270	428,325
Plant material, removals and landowner subsidies – ERCA operations	46,450	69,102	40,435
Program supplies – special grant projects	72,800	59,833	128,283
Site & operational supplies – conservation areas	98,100	112,281	97,053
Office supplies & expenses – other ERCA operations	86,140	95,598	88,512
Occupancy, taxes, utilities & waste removal	276,250	310,927	284,140
Maintenance, repairs & security – sites	58,800	105,297	95,730
Maintenance, repairs & supplies – fleet/equipment	103,000	111,866	118,513
Equipment, software/hardware & website – special grant projects	11,250	6,851	108,144
Equipment, software/hardware & website – ERCA operations	95,150	71,954	61,672
Lab, data, technical & sub-contracted services – special grant	13,000	52,667	58,272
Lab, data, technical & sub-contracted services – ERCA operations	41,800	82,697	56,629
Insurance, audit & legal	103,250	122,725	112,689
Dues & memberships	43,810	52,687	45,267
Travel, training & professional development	27,200	36,084	32,603
Board, committee & meeting expenses	19,000	20,561	22,792
Bank, credit card charges and interest	9,100	13,294	10,391
In-kind supplies & services	19,500	39,516	28,259
Amortization	294,500	315,571	306,480
Other	-	951	-
	\$7,184,881	\$6,549,755	\$9,323,596
Internal recoveries included in revenues	708,190	838,362	754,979
Total Expenses	\$7,893,071	\$7,388,117	\$10,078,575

7. Budget Amounts

The 2019 budget amounts that were approved on February 21, 2019, 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:

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

7. Budget Amounts (Continued)

	Approved Budget (BD 03/19)	Actual
	\$(505,474)	
Capitalized (TCA) items included as operating expenses	575,000	
Adjusted/Actual Net Surplus	69,526	(34,942)
Gain on Sale of Vehicles	-	(4,000)
Capitalized (TCA) items	(575,000)	(66,228)
	(505,474)	(105,171)
Acquisition of fleet & equipment	(110,000)	(53,588)
Amortization	294,500	315,571
	(320,974)	156,812
Net transfers to reserves (Schedule 5)	220,615	(154,652)
Increase/Decrease) in Operating Surplus	\$(100,359)	\$2,160

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, 2019, no balance (2018 -\$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 \$533,083 (2018 - \$270,120) 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:

	2019	2018
<i>Financial position:</i>		
Total assets	\$ 859,725	\$ 853,398
Total liabilities	\$ 126,380	\$ 240,766
Net assets	733,345	612,632
	\$ 859,725	\$ 853,398
<i>Results of operations:</i>		
Total revenue	\$ 728,043	\$ 639,257
Total expenses (including grants)	607,331	432,706
Net income for the year	\$ 120,712	\$ 206,551
<i>Cash flows:</i>		
Operating	\$ 880,736	\$ 422,929
Investing	11,207	5,556
Distributions	(710,943)	(197,922)

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. Subsequent Events

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 the directives issued by the Province of Ontario, and in order to protect the board, employees and their families, ERCA has changed certain elements of its operations at this time until the COVID-19 pandemic crisis is over. The economic impact of COVID-19 on ERCA's operations cannot be reliably estimated at this time.

On 27 August 2020, The Essex Region Conservation Authority became aware that it was a victim of a social engineering scheme. A financial loss was incurred in the amount of \$292,742. Given the uncertainty regarding the amount that may be recoverable from insurance and other entities, the net financial impact to the Conservation Authority cannot be determined at this time. The Authority maintains coverage for losses and damages due to cyber crime and social engineering and continues to be engaged with its insurer and other entities.

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

	2019 Budget	2019 Actual	2018 Actual
Schedule 1- Watershed Management Services			
Flood & Erosion Prevention & Management			
Wages, benefits & professional development	\$ 173,500	\$ 158,632	\$ 167,908
Computers, data & telecommunications	31,300	33,223	32,521
Supplies, insurance, corporate services	45,550	41,633	48,856
Vehicle charges	6,650	6,722	4,036
	257,000	240,210	253,321
Regulations, Compliance & Development Services			
Wages, benefits & professional development	555,000	670,609	514,394
Supplies, insurance, corporate services	110,300	146,963	115,946
Legal fees & consulting	5,000	8,857	-
Travel, vehicle charges	14,000	21,471	16,691
	684,300	847,901	647,031
Municipal Planning Support & Planning Studies			
Wages, benefits & professional development	241,500	243,437	251,667
Supplies, insurance, corporate services	38,400	49,453	42,487
Travel, vehicle charges	350	4,903	521
	280,250	297,793	294,675
Remedial Water & Erosion Control Infrastructure Projects & Studies (WECI)			
Consulting	-	15,524	41,232
Construction, materials & equipment	293,000	-	2,650,202
Wages, supplies, travel & allocated overhead	7,000	8,206	22,812
	300,000	23,730	2,714,246
Technical Studies, Assessments & Hazards Modelling			
Consulting, technical resources	-	-	33,677
Wages, benefits & professional development	85,000	75,044	62,183
Supplies & overhead	12,000	22,144	13,996
	97,000	97,188	109,856
	\$ 1,618,550	\$ 1,506,822	\$ 4,019,130

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

	2019	2019	2018
	Budget	Actual	Actual
Schedule 2 - Conservation Services			
Conservation Areas, Land Protection & Restoration			
Program Planning, Management & Development			
Wages, benefits & professional development	\$ 127,600	\$ 120,036	\$ 125,032
Supplies, insurance & corporate support	22,700	19,150	22,603
Travel & vehicle	1,500	1,900	1,150
	151,800	141,086	148,786
Land Acquisition & Planning			
Wages, benefits & professional development	7,500	16,444	19,023
Supplies, insurance & corporate support	2,000	4,921	3,600
Non capitalized acquisition/preparation of property (<i>acquisitions are capitalized as TCA</i>)	-	-	322
Surveys, appraisals, consulting, legal	12,500	17,035	19,245
	22,000	38,400	42,190
Tree Planting and Land Restoration			
Wages, benefits & professional development	428,000	395,449	494,887
Contracted construction, engineering & technical resources	857,250	585,267	904,073
Supplies, insurance & corporate support	121,200	144,721	179,768
Vehicle & field equipment usage	79,500	104,335	103,727
Landowner contributions (donated services)	3,500	11,702	26,444
	1,489,450	1,241,474	1,708,899
Conservation Areas Maintenance			
Wages, benefits & professional development	272,150	235,799	218,845
Utilities, taxes, insurance & corporate allocation	158,400	207,810	162,986
Vehicle & field equipment charges	95,000	110,995	97,390
Maintenance supplies	50,850	55,109	64,712
Construction & capital items	26,500	63,930	40,424
Plant material & removal	35,000	10,852	12,258
	637,900	684,494	596,615

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

	2019 Budget	2019 Actual	2018 Actual
Schedule 2 - Conservation Services (Continued)			
John R Park Homestead Conservation Area			
Revenues			
Admissions, sales & program fees	65,000	99,296	66,275
General levy	160,000	160,000	160,000
Government grants	30,188	27,552	28,728
Other grants & donations	9,900	11,144	16,234
Interdepartmental Recoveries	10,000	15,940	16,053
Net transfers to reserves	-	(2,000)	(10,000)
Net transfers to deferred revenues	-	(5,922)	-
	275,088	306,010	277,290
Expenses			
Wages, benefits & professional development	194,600	201,596	177,540
Utilities, taxes, insurance & corporate allocation	25,000	25,723	21,908
Supplies & maintenance - office, site & curatorial	37,000	43,717	41,916
Events & cost of goods sold	9,000	13,666	9,485
Capital replacement & repairs	18,000	21,511	21,839
	283,600	306,212	272,688
Holiday Beach Conservation Area			
Revenues			
Admissions, events & camping fees	194,750	185,615	212,892
General levy	96,680	96,680	96,680
Property/land rental	22,100	36,957	28,617
Other grants & donations	-	1,500	1,500
Net transfers from interdepartment	2,450	4,000	2,100
Net transfers to reserves	(12,000)	(15,000)	(31,000)
	315,980	324,753	310,789
Expenses			
Wages, benefits & professional development	144,200	165,935	142,987
Site, capital & major maintenance	26,500	34,389	34,298
Utilities, taxes, insurance & corporate allocation	61,500	64,376	57,065
Supplies - office, network, events, janitorial	39,400	43,301	53,227
Vehicle & field equipment usage	22,500	10,126	16,472
Sub contracting & consulting	2,800	6,197	3,383
	296,900	324,324	307,432
Conservation Areas/Trails Infrastructure Investment (Non-capitalized)			
Contract construction, materials, consulting & technical resources	536,000	302,157	43,419
Wages, benefits & professional development	35,000	28,399	2,135
Insurance, legal & corporate allocation	4,000	19,986	17,425
Vehicle & field equipment charges	-	2,443	12,817
	575,000	352,985	75,797

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

	2019 Budget	2019 Actual	2018 Actual
Schedule 2 - Conservation Services (Continued)			
Science, Research & Monitoring			
Watershed Science			
Wages, benefits & professional development	410,795	387,317	436,560
Supplies, insurance & corporate support	122,450	124,352	135,275
Lab/technical services, speciality equipment & software	17,000	27,323	150,782
Plant material, construction & landowner subsidies	139,886	90,499	161,049
Vehicle & field equipment charges	14,700	26,768	28,593
	704,831	656,260	912,259
Drinking Water Source Protection			
Wages, benefits & professional development	103,000	79,005	89,585
Supplies, advertising, insurance & corporate support	15,850	10,090	21,122
Committee member per diems	2,500	2,125	5,575
Travel	-	2,500	1,816
	121,350	93,720	118,098
Climate Change Initiatives			
Wages, benefits & professional development	90,500	101,286	8,957
Consulting & technical services	-	5,423	16,268
Supplies, insurance & corporate support	13,000	15,665	2,390
Vehicle & travel	-	1,158	110
	103,500	123,531	27,726
Fleet & Equipment			
Fleet & Field/Shop Equipment			
Maintenance, repairs, rentals & non-capital replacements	65,700	74,002	77,842
Fuel	36,500	35,481	39,462
Insurance & licences	19,150	19,700	21,535
	121,350	129,183	138,839
	\$ 4,507,681	\$ 4,091,667	\$ 4,349,329

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

	2019	2019	2018
	Budget	Actual	Actual
Schedule 3 - Communications & Outreach			
Corporate Communications, Outreach & Engagement			
Wages, benefits & professional development	\$ 284,000	\$ 278,541	\$ 258,543
Supplies, consulting, insurance & corporate support	34,950	42,998	32,487
Travel, vehicle & equipment	4,900	5,157	5,761
	323,850	326,696	296,791
Outdoor & Conservation Education			
Wages, benefits & professional development	63,000	63,953	63,847
Supplies, insurance & corporate support	14,790	13,123	18,485
Travel, vehicle & equipment	2,450	2,727	1,560
	80,240	79,803	83,892
Community Events & Special Grant Projects			
Wages, benefits & professional development	10,850	25,064	23,409
Plant materials, event supplies & technical/consulting resources	64,650	94,809	65,089
	75,500	119,873	88,500
	\$ 479,590	\$ 526,372	\$ 469,182
Schedule 4 - Corporate Services			
Administration, Finance, HR & IT/(G)IS			
Wages, benefits & professional development	\$ 587,000	\$ 577,528	\$ 585,574
Occupancy	124,000	123,443	124,267
Professional fees - audit, legal & consulting	30,000	18,791	44,865
Dues & memberships	36,200	41,572	36,550
Foundation support	50,000	59,372	50,260
Office equipment, computers/network & phone	56,100	57,630	39,458
Supplies & miscellaneous	20,950	22,484	13,392
Board meetings & per diems	16,500	18,436	17,217
Travel (staff & members)	10,000	11,779	7,556
Retiree benefits	13,000	13,651	12,320
Insurance (D&O, main office)	3,000	3,000	2,993
	946,750	947,686	934,454
Special Projects (Records, Data, HR)			
Wages, benefits & professional development	15,000	-	-
Consulting & Technical Services	5,000	-	-
Software/Hardware	26,000	-	-
	46,000	-	-
	\$ 992,750	\$ 947,686	\$ 934,454
	\$ 7,598,571	\$ 7,072,547	\$ 9,772,095

Essex Region Conservation Authority
Schedule 5 - Continuity of Reserves

	Actual Balance at December 31, 2018	Budgeted Transfers to Reserves	Actual Transfers to Reserves	Budgeted Transfers from Reserves	Actual Transfers from Reserves	Actual Balance at December 31, 2019
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	436,739	355,885	450,448	575,000	370,296	516,891
Revenue Stabilization	165,342	31,500	11,000	-	-	176,342
Project Grant Matching	100,000	-	-	-	-	100,000
Office Equipment , Computers & Network	57,508	-	-	40,000	11,000	46,508
Vehicle & Equipment Replacement	45,787	-	118,500	-	-	164,287
Legal & Insurance Claims	53,000	-	-	-	53,000	-
General/Administration/Human Resources	22,280	-	-	-	-	22,280
Historic Properties	47,374	7,000	9,000	-	-	56,374
	\$ 1,293,887	\$ 394,385	\$ 588,948	\$ 615,000	\$ 434,296	\$ 1,448,539