

**QUINTE CONSERVATION AUTHORITY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**QUINTE CONSERVATION AUTHORITY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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## QUINTE CONSERVATION AUTHORITY

For The Year Ended December 31, 2020

### MANAGEMENT REPORT

The accompanying consolidated financial statements of Quinte Conservation Authority are the responsibility of management and have been approved by the Board of Directors.

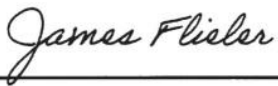
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Authority maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Authority's assets are appropriately accounted for and adequately safeguarded.

The Authority's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Directors reviews and approves the Authority's financial statements for issuance to the members of Quinte Conservation Authority. The Board of Directors meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Authority. Baker Tilly KDN LLP has full and free access to the Authority.

  
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Chair

 June 17, 2021

General Manager/ Secretary-  
Treasurer

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Quinte Conservation Authority**

#### *Opinion*

We have audited the consolidated financial statements of Quinte Conservation Authority and its local board (the Authority), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at December 31, 2020, and the results of its consolidated operations and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 30, 2021

# QUINTE CONSERVATION AUTHORITY



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2020

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	698,875	842,915
Accounts receivable	597,301	414,252
Funds held in trust (note 4)	399,441	507,655
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,695,617</b>	<b>1,764,822</b>
<b>LIABILITIES</b>		
Bank indebtedness (note 14)	-	150,000
Accounts payable	376,731	350,138
Deferred revenue (note 5)	821,470	941,765
Long term debt (note 4)	1,961,245	2,145,583
<b>TOTAL LIABILITIES</b>	<b>3,159,446</b>	<b>3,587,486</b>
<b>NET DEBT</b>	<b>(1,463,829)</b>	<b>(1,822,664)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	13,663,728	13,766,580
Prepaid expenses	15,011	-
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>13,678,739</b>	<b>13,766,580</b>
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>12,214,910</b>	<b>11,943,916</b>

*The accompanying notes are an integral part of these financial statements*

# QUINTE CONSERVATION AUTHORITY



## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Provincial grants (note 7)	457,427	411,398	522,022
Federal grants	117,082	77,823	79,028
Municipal levies - general	1,701,487	1,701,487	1,416,753
- special	218,317	290,747	402,562
Rentals and leases	28,000	31,436	28,888
Interest earned	10,612	17,338	36,047
Donations	19,416	25,535	11,268
Sales and refunds	10,020	8,223	13,144
Fees	223,653	366,116	320,192
Tree planting and reforestation	30,000	94,279	48,570
Environmental day camps	3,500	4,500	13,008
Gate receipts	110,000	54,660	132,160
Hydro power generation	-	402,270	300,113
Big Island rehabilitation	132,081	126,580	156,853
Other programs	1,154,443	507,159	650,374
<b>TOTAL REVENUES</b>	<b>4,216,038</b>	<b>4,119,551</b>	<b>4,130,982</b>
<b>EXPENSES</b>			
Administration (note 8)	335,588	356,502	331,467
Program operations (note 9)	1,550,745	1,511,848	1,734,565
Vehicles and equipment (note 10)	(8,556)	7,757	(18,320)
Maintenance - conservation areas	205,412	194,323	175,513
Other projects (note 11)	1,455,793	1,449,027	1,863,257
Amortization	308,883	329,100	310,850
Loss on sale of tangible capital assets	-	-	37,646
<b>TOTAL EXPENSES</b>	<b>3,847,865</b>	<b>3,848,557</b>	<b>4,434,978</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>368,173</u></b>	<b>270,994</b>	<b>(303,996)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>11,943,916</b>	<b>12,247,912</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>12,214,910</b>	<b>11,943,916</b>

*The accompanying notes are an integral part of these financial statements*

# QUINTE CONSERVATION AUTHORITY



## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	368,173	270,994	(303,996)
Amortization of tangible capital assets	308,883	329,100	310,850
Purchase of tangible capital assets	(425,393)	(226,248)	(144,060)
Loss/(gain) on disposal of tangible capital assets	-	-	37,646
Proceeds on sale of tangible capital assets	-	-	18,700
Change in prepaid expenses	-	(15,011)	16,416
<b>CHANGE IN NET DEBT</b>	251,663	358,835	(64,444)
<b>NET DEBT - beginning of year</b>	(1,822,664)	(1,822,664)	(1,758,220)
<b>NET DEBT - end of year</b>	(1,571,001)	(1,463,829)	(1,822,664)

*The accompanying notes are an integral part of these financial statements*



# QUINTE CONSERVATION AUTHORITY



## CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	270,994	(303,996)
Items not involving cash		
Amortization of tangible capital assets	329,100	310,850
Loss on disposal of tangible capital assets	-	37,646
Change in non-cash working capital		
Accounts receivable	(183,049)	133,749
Funds held in trust	108,214	(7,803)
Prepaid expenses	(15,011)	16,416
Accounts payable	26,593	81,228
Deferred revenue	(120,295)	(99,899)
<b>Net change in cash from operating activities</b>	<b>416,546</b>	<b>168,191</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(226,248)	(144,060)
Proceeds on disposal of tangible capital assets	-	18,700
<b>Net change in cash from capital activities</b>	<b>(226,248)</b>	<b>(125,360)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(184,338)	(172,919)
Bank indebtedness advances/(repayments)	(150,000)	98,345
<b>Net change in cash from financing activities</b>	<b>(334,338)</b>	<b>(74,574)</b>
<b>NET CHANGE IN CASH</b>	<b>(144,040)</b>	<b>(31,743)</b>
<b>CASH - beginning of year</b>	<b>842,915</b>	<b>874,658</b>
<b>CASH - end of year</b>	<b>698,875</b>	<b>842,915</b>

*The accompanying notes are an integral part of these financial statements*

### 1. NATURE OF OPERATIONS

During 2009 the Province of Ontario approved the legal formation of the Quinte Conservation Authority that amalgamated the Moira River Conservation Authority (MRCA), Napanee Region Conservation Authority (NRCA) and Prince Edward Region Conservation Authority (PERCA). The purpose of the organization is to fulfil the requirements of Conservation Authorities as prescribed by the Province of Ontario's Conservation Authorities Act.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Authority and which are owned and controlled by the Authority. These consolidated financial statements include:

- Quinte Conservation Association

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	20-60 years
Machinery and equipment	5-10 years
Vehicles	10 years
Dams and weirs	10-100 years
Trails and boardwalks	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

## 2. SIGNIFICANT ACCOUNTING POLICIES, continued

### (c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

#### Government Funding

Government funding, including grants and levies, is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### Other revenue

Fees, gate receipts, rentals and leases, hydro power generation revenues and other program revenues, are recognized as revenue in the year the goods and services are provided.

Investment income is recorded when earned.

Restricted donations are recorded in the period in which the related expenses are incurred. Unrestricted donations are recorded as revenue when received or as a receivable when collection is reasonably assured.

### (d) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Authority because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

### (e) Reserves

Certain amounts, as approved by the Board of Directors, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

### (f) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

### (g) Use of estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Authority's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Authority's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 3. TANGIBLE CAPITAL ASSETS

The net book value of the Authority's tangible capital assets are:

	2020	2019
	\$	\$
General		
Land	2,918,416	2,918,416
Buildings	601,721	621,044
Machinery and equipment	619,595	612,116
Vehicles	143,054	149,284
Trails and boardwalks	331,034	210,682
Infrastructure		
Dams and weirs	9,041,891	9,249,564
	13,655,711	13,761,106
Assets under construction	8,017	5,474
	13,663,728	13,766,580

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 4. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412% (2019 - 6.412%), due November 1, 2028	1,961,245	2,145,583

- (b) Interest paid during the year on long term debt amounted to \$132,220 (2019 - \$143,829).
- (c) The funds held in trust of \$399,441 (2019 - \$507,655) reported on the Consolidated Statement of Financial Position is comprised of \$335,150 (2019 - \$333,159) debt service reserve fund described in (d) below plus \$64,291 (2019 - \$174,496) maintenance reserve fund.
- (d) The loan is secured by a general security agreement over all assets of the McLeod Dam Hydroelectric Generating Facility operating as Quinte Conservation Association. As part of the loan agreement with Corpfinance, the Association is required to provide for a debt service reserve fund account in the amount of \$316,558, representing 12 months of debt payments plus accumulated interest on the reserve. The loan agreement requires a minimum debt service coverage ratio of 1.05:1 as well as a minimum amount of working capital as defined by the agreement. As of December 31, 2020, the Association is not in compliance with neither the debt service coverage requirement nor the working capital requirement. However, subsequent to the year-end Corpfinance confirmed their intention not to call the loan early and to proceed with the agreed payment schedule reflected in these consolidated financial statements.
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	196,511	120,047	316,558
2022	209,489	107,069	316,558
2023	223,323	93,235	316,558
2024	238,071	78,487	316,558
2025	253,793	62,765	316,558
	1,121,187	461,603	1,582,790
2026 to 2028	840,058	83,235	923,293
	1,961,245	544,838	2,506,083

# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2020	2019
	\$	\$
Source water protection planning	9,213	66,069
Dam studies matching funds projects	147,753	212,128
Second Depot Lake seasonal camping fees	4,000	1,000
Bay of Quinte Remedial Action Plan programs	30,459	44,073
Frink Centre projects	27,277	32,807
Restricted donations	347,457	350,000
Storm water management	119,342	78,657
Other	135,969	157,031
	<b>821,470</b>	<b>941,765</b>

The continuity of deferred revenue is as follows:

	2020	2019
	\$	\$
Balance - beginning of year	941,765	1,041,664
Add amounts received:		
Source water protection planning funding	143,012	289,405
Dam studies matching funds projects funding	175,492	140,625
Second Depot Lake seasonal camping fees	3,000	3,091
Bay of Quinte Remedial Action Plan programs funding	26,084	27,217
Frink Centre projects funding	-	2,000
Storm water management funding	183,536	110,000
Other funding	478,981	572,120
	<b>1,010,105</b>	<b>1,144,458</b>
Less transfer to operations:		
Source water protection planning	199,867	248,710
Dam studies matching funds projects	231,772	140,433
Second Depot Lake seasonal camping fees	-	48,948
Bay of Quinte Remedial Action Plan programs	39,698	19,740
Frink Centre projects	5,530	56,965
Storm water management	142,852	118,473
Other	510,681	611,088
	<b>1,130,400</b>	<b>1,244,357</b>
Balance - end of year	<b>821,470</b>	<b>941,765</b>

# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Surplus/(Deficit)</b>		
Operating	213,567	138,740
Quinte Conservation Association	(708,518)	(651,537)
	(494,951)	(512,797)
<b>Invested In Tangible Capital Assets</b>		
Tangible capital assets - net book value	13,663,728	13,766,580
Long term debt	(1,961,245)	(2,145,583)
Unfunded capital - boat	(63,508)	(85,619)
	11,638,975	11,535,378
<b>Surplus</b>	11,144,024	11,022,581
<b>Reserves</b>		
Working funds	351,334	351,333
Green energy	57,835	57,835
Legal	26,078	26,078
Napanee River Buoys	32,960	30,786
Bay of Quinte Stewardship	1,380	1,380
Future projects	89,713	148,686
Flinton Dam	22,500	22,500
Soda Hub Connection	16,358	-
Wishart Dam	12,986	12,986
Springside Dam	8,120	8,120
Arden Dam	25,917	25,917
Demorestville Dam	16,244	20,000
James Lazier Dam	8,221	13,722
Deerock Dam	11,674	17,174
Climate Change	7,500	7,778
Ice Boom	39,558	39,558
Bay of Quinte equipment replacement	24,817	22,624
Source water	138,960	114,858
Whitney Dam	25,000	-
Tangible capital asset management	102,500	-
Reforestation	51,231	-
<b>Total Reserves</b>	1,070,886	921,335
	12,214,910	11,943,916

# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 7. PROVINCIAL GRANTS

Provincial grants include the following:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Operations	166,067	166,117	166,117
Source water protection planning 2018/2019	-	-	89,054
Source water protection planning 2020/2021	204,266	143,346	-
Source water protection planning 2019/2020	62,629	56,523	159,656
Dam Safety Review	-	10,661	-
Storm water management	-	30,492	-
Ontario low water response	-	-	7,000
Public safety measures	-	-	61,115
James Lazier Dam	-	-	5,000
Ackerman property project	20,206	-	838
Lingham Lake Dam	4,259	4,259	5,741
Second Depot Lake Dam	-	-	23,751
Demorestville Dam	-	-	3,750
	<b>457,427</b>	<b>411,398</b>	<b>522,022</b>

### 8. ADMINISTRATION EXPENSES

Administration expenses include the following:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Wages and benefits	164,958	132,256	141,602
Member costs	15,300	10,637	14,374
Office operations	210,991	217,786	217,200
Administration recovery	(55,661)	(4,177)	(41,709)
	<b>335,588</b>	<b>356,502</b>	<b>331,467</b>



# QUINTE CONSERVATION AUTHORITY



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 9. PROGRAM OPERATIONS EXPENSES

Program operations expenses are comprised of the following:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Operation and maintenance of water control structures	495,646	449,114	614,460
Flood forecasting	491,073	489,212	465,884
Plan input	271,180	273,291	323,819
Information and interpretation	105,346	127,195	168,882
Taxes and insurance	171,500	160,787	150,138
Legal	16,000	12,249	11,382
	<b>1,550,745</b>	<b>1,511,848</b>	<b>1,734,565</b>

### 10. VEHICLE AND EQUIPMENT EXPENSES

Vehicle and equipment expenses are comprised of the following:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>Expenses</b>			
Fuel, maintenance and repairs	74,338	47,153	60,498
Small equipment purchases	35,132	33,066	33,927
	<b>109,470</b>	<b>80,219</b>	<b>94,425</b>
<b>Charges based on usage</b>			
Administration	2,000	1,250	2,041
Program operations	78,526	51,211	91,587
Conservation area maintenance	25,000	20,001	18,582
Source water protection planning	12,500	-	535
	<b>118,026</b>	<b>72,462</b>	<b>112,745</b>
<b>Net charges (recovery) to operations</b>	<b>(8,556)</b>	<b>7,757</b>	<b>(18,320)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**11. OTHER PROJECTS EXPENSES**

Other projects expenses include the following:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Other programs	1,125,056	911,048	1,171,213
Source water protection planning	266,895	199,867	251,697
Hydro power generation	-	277,986	407,732
Forest operations	52,342	50,802	25,845
Environmental day camps	11,500	4,905	6,770
Dam maintenance	-	4,419	-
	<b>1,455,793</b>	<b>1,449,027</b>	<b>1,863,257</b>

**12. ECONOMIC DEPENDENCE**

The major sources of revenue are in the form of grants from the Province of Ontario and levies from the participating municipalities. The nature and extent of these revenues is of such significance as to affect the viability of the Authority and accordingly, it can be said that the Authority is economically dependent upon the Province of Ontario and the participating municipalities.

**13. BUDGET FIGURES**

The budget, approved by the Authority, for 2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**14. BANK INDEBTEDNESS**

The Authority has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. The Authority's Executive Committee authorized the temporary borrowing limit on February 12, 2007. At December 31, 2020 there was no balance outstanding (2019 - \$150,000).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

**15. EXPENSES BY OBJECT**

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	1,934,690	1,943,402	2,252,783
Interest charges	-	132,220	143,829
Materials	1,616,450	1,272,066	1,615,686
Contracted services	77,039	170,243	148,425
Rents and financial	55,200	51,096	51,286
External transfers	29,290	27,070	28,928
Amortization	308,883	329,100	310,850
Internal charges	(173,687)	(76,640)	(154,455)
Loss on disposal of tangible capital assets	-	-	37,646
	<b>3,847,865</b>	<b>3,848,557</b>	<b>4,434,978</b>

**16. PENSION AGREEMENTS**

Certain employees of the Authority are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The Authority's required contributions to OMERS in 2020 were \$132,301 (2019 - \$158,834).

**17. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation.

### 18. UNCERTAINTY CAUSED BY COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Authority's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Authority's operations. The extent of the impact of this outbreak and related containment measures on the Authority's operations cannot be reliably estimated at this time.

The extent of the impact of this outbreak and related containment measures on the Authority's operations could be significant. Expenses could increase because of the current measures enforced by the Provincial government. Donations, sales, fees and receipts could decrease as the Province mandated a closure of some of the Authority's facilities. The Authority has applied for government assistance subsidies. In the year 2020, management expects the Authority will have adequate cash flow to fund its operations following the crisis.

The Authority can not estimate the length and gravity of the COVID-19 outbreak. If the pandemic continues, it may have a material adverse effect on the Authority's results in fiscal 2020. The Authority is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

# QUINTE CONSERVATION AUTHORITY



## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2020

	General					Infrastructure		Totals \$
	Land \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Trails and Boardwalks \$	Dams and Weirs \$	Assets Under Construction \$	
<b>COST</b>								
Balance, beginning of year	2,918,416	1,236,269	833,252	602,992	221,770	14,588,352	5,474	20,406,525
Add: additions during the year	-	-	52,338	24,868	138,358	8,141	2,543	226,248
Less: disposals during the year	-	-	-	-	-	-	-	-
Balance, end of year	2,918,416	1,236,269	885,590	627,860	360,128	14,596,493	8,017	20,632,773
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	615,225	221,136	453,708	11,088	5,338,788	-	6,639,945
Add: additions during the year	-	19,323	44,859	31,098	18,006	215,814	-	329,100
Less: disposals during the year	-	-	-	-	-	-	-	-
Balance, end of year	-	634,548	265,995	484,806	29,094	5,554,602	-	6,969,045
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	2,918,416	601,721	619,595	143,054	331,034	9,041,891	8,017	13,663,728

**QUINTE CONSERVATION AUTHORITY**

**QUINTE CONSERVATION ASSOCIATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Quinte Conservation Association**

#### *Opinion*

We have audited the financial statements of the Quinte Conservation Association of Quinte Conservation Authority (the Association), which comprise the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and the results of its operations and 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 the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 the Association 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.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 30, 2021



# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION STATEMENT OF FINANCIAL POSITION At December 31, 2020

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	5,690	4,189
Accounts receivable	62,954	59,953
Funds held in trust (note 8)	399,441	507,655
<b>TOTAL FINANCIAL ASSETS</b>	<b>468,085</b>	<b>571,797</b>
<b>LIABILITIES</b>		
Bank indebtedness (note 2)	-	150,000
Accounts payable	14,420	69,472
Due to Quinte Conservation Authority (note 3)	1,162,183	1,003,862
Long term debt (note 8)	1,961,245	2,145,583
<b>TOTAL LIABILITIES</b>	<b>3,137,848</b>	<b>3,368,917</b>
<b>NET DEBT</b>	<b>(2,669,763)</b>	<b>(2,797,120)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	4,020,053	4,083,826
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>1,350,290</b>	<b>1,286,706</b>

*The accompanying notes are an integral part of these financial statements*

# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2020

	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>		
Hydro generation	402,270	300,113
Investment income	3,074	7,852
<b>TOTAL REVENUES</b>	<b>405,344</b>	<b>307,965</b>
<b>EXPENSES</b>		
Interest on long term debt	132,220	143,829
Maintenance and repairs	61,331	182,002
Amortization	63,773	63,773
Contract wages	65,700	66,747
Professional fees	8,000	7,809
Administration	4,446	3,280
Insurance	6,290	4,065
<b>TOTAL EXPENSES</b>	<b>341,760</b>	<b>471,505</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>63,584</b>	<b>(163,540)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>1,286,706</b>	<b>1,450,246</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>1,350,290</b>	<b>1,286,706</b>

*The accompanying notes are an integral part of these financial statements*

# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2020

	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	63,584	(163,540)
<u>Amortization of tangible capital assets</u>	<u>63,773</u>	<u>63,773</u>
<b>CHANGE IN NET DEBT</b>	127,357	(99,767)
<b>NET DEBT - beginning of year</b>	<u>(2,797,120)</u>	<u>(2,697,353)</u>
<b>NET DEBT - end of year</b>	<u>(2,669,763)</u>	<u>(2,797,120)</u>

*The accompanying notes are an integral part of these financial statements*

# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	63,584	(163,540)
Items not involving cash		
Amortization of tangible capital assets	63,773	63,773
Change in non-cash working capital		
Accounts receivable	(3,001)	24,419
Funds held in trust	108,214	(7,803)
Accounts payable	(55,052)	55,843
Due to Quinte Conservation Authority	158,321	106,071
<b>Net change in cash from operating activities</b>	<b>335,839</b>	<b>78,763</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(184,338)	(172,919)
Bank indebtedness advances/(repayments)	(150,000)	98,345
<b>Net change in cash from financing activities</b>	<b>(334,338)</b>	<b>(74,574)</b>
<b>NET CHANGE IN CASH</b>	<b>1,501</b>	<b>4,189</b>
<b>CASH - beginning of year</b>	<b>4,189</b>	<b>-</b>
<b>CASH - end of year</b>	<b>5,690</b>	<b>4,189</b>

*The accompanying notes are an integral part of these financial statements*

## QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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### 1. NATURE OF ORGANIZATION

Quinte Conservation Association was incorporated without share capital, on October 13, 1998. During 2009 the Association assumed the construction and operations of the McLeod Dam hydroelectric generating facility. The purpose of the Association is to operate and maintain the McLeod Dam hydroelectricity generation for green energy which is used locally.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Association are as follows:

(a) Recognition of revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Hydro generation revenues are recognized as revenue in the year the generation occurs.

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Association's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Association's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

(c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Dams and weirs	75 years
Machinery and equipment	75 years

(d) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Association because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Association unless they are sold.

## QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Inter-entity transactions

The Quinte Conservation Association is controlled by Quinte Conservation Authority's Board of Directors and is consolidated with the Authority's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Authority.

Assets and/or liabilities transferred between the Association and Authority are measured at the carrying amount.

### 2. BANK INDEBTEDNESS

The Association has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. The Association authorized the temporary borrowing limit on February 12, 2007. At December 31, 2020 there was no balance outstanding (2019 - \$150,000).

### 3. INTER-ENTITY TRANSACTIONS

During the year, the Association entered into transactions with Quinte Conservation Authority.

Advances received from Quinte Conservation Authority, a related party, were to fund operations. Quinte Conservation Authority is a related party due to common control. The advances are non-interest bearing with no specific terms of repayment.

In addition, Quinte Conservation Authority provides accounting and administrative services to the Association at no cost.

### 4. ECONOMIC DEPENDENCE

The major source of revenue is in the form of hydro generation sales to Veridian Connections Inc. The nature and extent of this revenue is of such significance as to affect the viability of the Association and accordingly, it can be said that the Association is economically dependent upon Veridian Connections Inc.

### 5. CONTRACTUAL RIGHTS

The Association has entered into an agreement with Veridian Connections Inc. to earn revenues for the electricity generated from the hydro electric dam which expires in 2028. The amount of revenue earned is dependent on the quantity of electrical energy supplied and the rate per kWh set by the Ontario Energy Board. The Association receives payments monthly.

# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Deficit</b>		
Operating	(708,518)	(651,537)
<b>Invested In Tangible Capital Assets</b>		
Tangible capital assets - net book value	4,020,053	4,083,826
Long term debt	(1,961,245)	(2,145,583)
	2,058,808	1,938,243
	1,350,290	1,286,706

### 7. TANGIBLE CAPITAL ASSETS

The net book value of the Association's tangible capital assets are:

	Dams & weirs \$	Machinery & equipment \$	2020 Totals \$	2019 Totals \$
<b>COST</b>				
Balance, beginning of year	4,723,727	59,230	4,782,957	4,782,957
Balance, end of year	4,723,727	59,230	4,782,957	4,782,957
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	692,812	6,319	699,131	635,358
Add: additions during the year	62,983	790	63,773	63,773
Balance, end of year	755,795	7,109	762,904	699,131
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	3,967,932	52,121	4,020,053	4,083,826

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

# QUINTE CONSERVATION AUTHORITY



## QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 8. LONG TERM DEBT

(a) Long term debt consists of the following:

	2020	2019
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412% (2019 - 6.412%), due November 1, 2028	1,961,245	2,145,583

(b) Interest paid during the year on long term debt amounted to \$132,220 (2019 - \$143,829).

(c) The funds held in trust of \$399,441 (2019 - \$507,655) reported on the Statement of Financial Position is comprised of \$335,150 (2019 - \$333,159) debt service reserve fund described in (d) below plus \$64,291 (2019 - \$174,496) maintenance reserve fund.

(d) The loan is secured by a general security agreement over all assets of the McLeod Dam Hydroelectric Generating Facility operating as Quinte Conservation Association. As part of the loan agreement with Corpfinance, the Association is required to provide for a debt service reserve fund account in the amount of \$335,150, representing 12 months of debt payments plus accumulated interest on the reserve. The loan agreement requires a minimum debt service coverage ratio of 1.05:1 as well as a minimum amount of working capital as defined by the agreement. As of December 31, 2020, the Association is not in compliance with the debt service coverage ratio requirement, nor the working capital requirement. However, subsequent to the year-end Corpfinance confirmed their intention not to call the loan early and to proceed with the agreed payment schedule reflected in these financial statements.

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	196,511	120,047	316,558
2022	209,489	107,069	316,558
2023	223,323	93,235	316,558
2024	238,071	78,487	316,558
2025	253,793	62,765	316,558
2026 and subsequent years	840,058	83,235	923,293
	1,961,245	544,838	2,506,083



## **9. UNCERTAINTY CAUSED BY COVID-19**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Association's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Association's operations. The extent of the impact of this outbreak and related containment measures on the Association's operations cannot be reliably estimated at this time.

The extent of the impact of this outbreak and related containment measures on the Association's operations could be significant. Expenses could increase because of the current measures enforced by the Provincial government. In the year 2020, management expects the Association will have adequate cash flow to fund its operations.

The Association can not estimate the length and gravity of the COVID-19 outbreak. If the pandemic continues, it may have a material adverse effect on the Association's results in fiscal 2020. The Association is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.