

**MISSISSIPPI VALLEY CONSERVATION AUTHORITY**  
**Financial Statements**

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Year Ended December 31, 2019

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Index to the Financial Statements

Year Ended December 31, 2019

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors and Members of MISSISSIPPI VALLEY CONSERVATION AUTHORITY

I have audited the accompanying financial statements of MISSISSIPPI VALLEY CONSERVATION AUTHORITY, which comprise the statement of financial position as at December 31, 2019 and the statements of net assets, operations and cash flow for the year ended December 31, 2019 and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility 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 for not-for-profit organizations 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.

**Auditor's Responsibility**

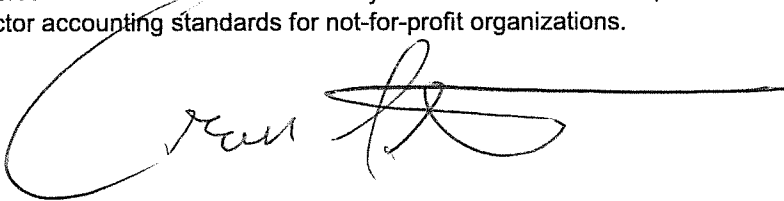
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of MISSISSIPPI VALLEY CONSERVATION AUTHORITY as at December 31, 2019 and the results of its operations and its cash flow for the year ended December 31, 2019 in accordance with Canadian public sector accounting standards for not-for-profit organizations.



Cross Street Professional Corporation  
Authorized to practise public accounting by Chartered Professional Accountants of Ontario

February 7, 2020  
Perth, Ontario

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

(Incorporated under the Laws of Ontario)

Statement of Financial Position as at December 31,

2019

2018

## ASSETS

### Current

|   |    |                  |                  |
|---|----|------------------|------------------|
| Cash  | \$ | 973,835          | 1,081,397        |
| Term deposits (note 3)                        |    | 1,096,421        | 1,071,454        |
| Accounts receivable, trade and other (note 4) |    | 401,631          | 200,052          |
| Prepaid expenses and other assets             |    | 3,048            | -                |
|   |    | <u>2,474,935</u> | <u>2,352,903</u> |

### Term deposits (note 3)

|  |  |         |   |
|--|--|---------|---|
|  |  | 501,447 | - |
|--|--|---------|---|

### Capital assets (note 5)

|  |  |           |           |
|--|--|-----------|-----------|
|  |  | 6,720,642 | 6,985,150 |
|--|--|-----------|-----------|

|  |  |                  |                  |
|--|--|------------------|------------------|
|  |  | <u>7,222,089</u> | <u>6,985,150</u> |
|--|--|------------------|------------------|

|    |  |                  |                  |
|----|--|------------------|------------------|
| \$ |  | <u>9,697,024</u> | <u>9,338,053</u> |
|----|--|------------------|------------------|

## LIABILITIES AND NET ASSETS

### Current liabilities

|  |    |                |                |
|--|----|----------------|----------------|
| Accounts payable and accrued liabilities   | \$ | 191,988        | 155,167        |
| Current portion of long-term debt (note 7) |    | 139,960        | 135,320        |
| Deferred revenue (note 6)                  |    | 365,509        | 120,505        |
|  |    | <u>697,457</u> | <u>410,992</u> |

### Long-term

|  |  |                  |                  |
|--|--|------------------|------------------|
| Long-term debt (note 7)                            |  | 3,925,464        | 4,065,424        |
| Deferred contributions for capital assets (note 8) |  | 2,493,214        | 2,182,491        |
| Retirement benefit liability (note 9)              |  | 150,916          | 149,121          |
|  |  | <u>6,569,594</u> | <u>6,397,036</u> |
|  |  | <u>7,267,051</u> | <u>6,808,028</u> |

### Net assets

|                            |  |                  |                  |
|----------------------------|--|------------------|------------------|
| Invested in capital assets |  | 162,003          | 601,914          |
| Reserves (note 10)         |  | 1,349,001        | 1,208,700        |
| Unrestricted               |  | 918,969          | 719,411          |
|                            |  | <u>2,429,973</u> | <u>2,530,025</u> |

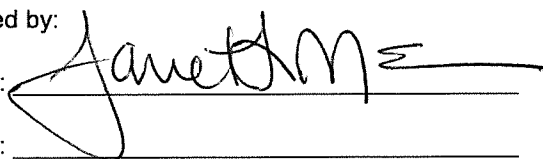
|    |  |                  |                  |
|----|--|------------------|------------------|
| \$ |  | <u>9,697,024</u> | <u>9,338,053</u> |
|----|--|------------------|------------------|

See accompanying notes to the financial statements

Approved by:

Director:

Director:



# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Operations for the year ended December 31,

2019

2018

## Revenue

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Municipal levy - general           | \$ 3,027,850     | 2,798,554        |
| Municipal levy - special           | 55,961           | -                |
| Deferred for capital contributions | (527,005)        | (277,005)        |
|                                    | <u>2,556,806</u> | <u>2,521,549</u> |

|  |                  |                  |
|--|------------------|------------------|
| Other revenue (Schedule 1)                       | 879,574          | 657,096          |
| Government grant - Ministry of Natural Resources | 128,438          | 248,792          |
| Government grant - other provincial              | 13,445           | 13,445           |
| Conservation area - fees, sales and rental       | 80,180           | 68,339           |
| Supplementary programs                           | 22,224           | 50,900           |
| Donations  | 8,582            | 1,325            |
|  | <u>3,689,249</u> | <u>3,561,446</u> |

## Expenses

|  |                  |                  |
|--|------------------|------------------|
| Corporate services (Schedule 2)        | 705,061          | 568,534          |
| Watershed management (Schedule 2)      | 1,515,467        | 1,410,001        |
| Flood and erosion control (Schedule 2) | 672,624          | 688,228          |
| Conservation services (Schedule 2)     | 644,767          | 630,858          |
| Supplementary programs (Schedule 2)    | 22,224           | 50,900           |
|  | <u>3,560,143</u> | <u>3,348,521</u> |

## Excess of revenue over expenses before capital items

129,106      212,925

## Capital items

|  |                  |                  |
|--|------------------|------------------|
| Amortization of capital assets         | (303,755)        | (304,305)        |
| Amortization of deferred contributions | 216,282          | 210,362          |
| Gain on disposal of assets             | -                | 7,000            |
| Interest on loan                       | (141,685)        | (146,171)        |
|  | <u>(229,158)</u> | <u>(233,114)</u> |

## Deficiency of revenue over expenses

\$ (100,052)      (20,189)

See accompanying notes to the financial statements

## MISSISSIPPI VALLEY CONSERVATION AUTHORITY

| Schedule 1 - Other Revenue for the year ended December 31, | 2019              | 2018           |
|--|-------------------|----------------|
| <b>Other revenue</b>                                       |                   |                |
| Bell Canada - K&P  | \$ 1,460          | 1,650          |
| Busing grants - MVCF                                       | 1,950             | 1,200          |
| Carp River action plan                                     | -                 | 7,449          |
| Carp River Planting  | -                 | 14,501         |
| Conservation Centre rentals                                | 325               | 125            |
| Eastern Region Safety Committee                            | 450               | -              |
| Federation of Cdn Municipalities - Asset Management        | 77,330            | -              |
| Freedom of information                                     | 335               | -              |
| Grants - Special:County of Lanark Forestry Program         | 11,470            | 12,378         |
| Grants - Special:Federal - Harwood Creek Study             | 44,521            | 21,199         |
| Grants - Special:Floodplain Mapping Grant - Ottawa         | 48,785            | 48,785         |
| Grants - Special:MNR-F-Drought & Low Water Grant           | -                 | 2,000          |
| Grants - Special:MOK - Mississippi Mills                   | 11,716            | 5,771          |
| Grants - Special:Ontario Wildlife Foundation               | 2,000             | -              |
| Grants - Special:Ottawa - Baseline WQ Monitor              | -                 | 36,821         |
| Grants - Special:Ottawa - Carp Erosion Control             | 31,693            | 36,313         |
| Grants - Special:Ottawa Rural Clean Water Project          | 3,100             | -              |
| Grants - Special:Prov Grant - Miss R FI PI Map S           | -                 | 8,858          |
| Grants - Special:TD Planting Program Grant                 | 2,655             | -              |
| Insurance claim  | 61,146            | -              |
| Interest   | 48,609            | 33,305         |
| MNR - Water & erosion control infrastructure               | 17,825            | 44,942         |
| MNR dams - preventative maintenance                        | 8,106             | 9,300          |
| Ontario Hydro Operating                                    | 48,402            | 29,549         |
| Planning and regulation fees                               | 264,343           | 244,407        |
| Poole Creek study  | 45,590            | -              |
| R. Tait McKenzie sculpture                                 | 2,550             | -              |
| RTM trust fund   | 1,173             | 1,150          |
| Septic inspection program                                  | 110,963           | 75,276         |
| Sundry revenue   | 9,077             | 22,117         |
| WISKI contributions  | 24,000            | -              |
|  | <u>\$ 879,574</u> | <u>657,096</u> |

See accompanying notes to the financial statements

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2019

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## 1. Description of Organization

The Authority is established under the Conservation Authorities Act - Ontario. It acts as the agent for water and land conservation and management for its member municipalities. The Authority is a registered charity which is exempt from income tax and may issue tax receipts to donors.

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations.

### Cash and cash equivalents

Cash and cash equivalents consist primarily of bank balances and cash on hand.

### Financial instruments

#### Initial and subsequent measurement

The Authority initially measures its financial assets and liabilities at fair value except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Authority subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and long term debt.

#### Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

#### Impairment

For financial assets measured at cost or amortized cost, the Authority determines whether there are indications of possible impairment. When there is an indication of impairment, and the Authority determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

### Capital assets

Capital assets are accounted for at cost and amortized on the basis of their useful life using the following methods and rates or duration.

**MISSISSIPPI VALLEY CONSERVATION AUTHORITY**

Notes to Financial Statements  
Year Ended December 31, 2019

**5. Capital Assets**

|                          | <b>Cost</b>          | <b>Accumulated<br/>Amortization</b> | <b>2019<br/>Net Book<br/>Value</b> | <b>2018<br/>Net Book<br/>Value</b> |
|--------------------------|----------------------|-------------------------------------|------------------------------------|------------------------------------|
| Land                     | \$ 903,066           | -                                   | 903,066                            | 903,066                            |
| Roads and bridges        | 97,131               | 64,931                              | 32,200                             | 27,622                             |
| Water control structures | 2,564,528            | 1,880,134                           | 684,394                            | 708,537                            |
| Buildings                | 6,204,710            | 1,361,379                           | 4,843,331                          | 4,996,137                          |
| Leasehold improvements   | 433,240              | 433,240                             | -                                  | -                                  |
| Equipment                | 397,627              | 274,219                             | 123,408                            | 150,550                            |
| Motor vehicles           | 284,222              | 241,908                             | 42,314                             | 76,478                             |
| Computer equipment       | 143,040              | 125,842                             | 17,198                             | 22,796                             |
| Furniture and fixtures   | 273,170              | 198,439                             | 74,731                             | 99,964                             |
|                          | <u>\$ 11,300,734</u> | <u>4,580,092</u>                    | <u>6,720,642</u>                   | <u>6,985,150</u>                   |

**6. Deferred Revenue**

|   | <b>2019</b>       | <b>2018</b>    |
|---|-------------------|----------------|
| Beginning balance, related to operating funding   | \$ 120,505        | 70,284         |
| Add amount received related to the following year | 300,444           | 91,045         |
|   | <u>420,949</u>    | <u>161,329</u> |
| Less amount recognized as revenue in the year     | 55,440            | 40,824         |
| Ending balance, related to operating funding      | <u>\$ 365,509</u> | <u>120,505</u> |
| Deferred revenue consists of:                     |                   |                |
| Bell Canada - K&P trail easement                  | \$ 962            | 962            |
| City of Ottawa - Upper Poole Creek study          | 12,000            | 57,590         |
| City of Ottawa - general levy                     | 228,194           | -              |
| Developer deposits                                | 15,000            | 9,750          |
| Eastern Region Asset Management project           | -                 | 5,200          |
| Eastern Region Safety Committee                   | 3,146             | 3,596          |
| Enbridge  | 5,000             | -              |
| Mississippi Mills - Naismith Foundation           | 5,693             | 5,693          |
| MVC Foundation                                    | 20,764            | 22,714         |
| Ontario Power Generation                          | 2,500             | -              |
| RBC Foundation                                    | 15,000            | 15,000         |
| WECl  | 57,250            | -              |
|   | <u>\$ 365,509</u> | <u>120,505</u> |



## MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2019

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared at January 1, 2019.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, and employee turnover and mortality. The assumptions used reflect the Authority's best estimates. The expected inflation rate is 2.5%. The discount rate used to determine the accrued benefit obligation is 3.75%.

The total expenses related to retirement benefits include the following components:

|                        | <u>2019</u>      | <u>2018</u>   |
|------------------------|------------------|---------------|
| Current service cost   | \$ 8,828         | 8,509         |
| Interest on obligation | 6,783            | 6,524         |
| Amortize losses        | 2,800            | 2,954         |
|                        | <u>\$ 18,411</u> | <u>17,987</u> |

The total expense related to retirement benefits is included in the statement of operations as a component of Corporate services - administration.

Unamortized (gains) losses related to retirement benefits:

|  | <u>2019</u>        | <u>2018</u>   |
|--|--------------------|---------------|
| Unamortized loss at start of year      | \$ 38,400          | 41,354        |
| (Gain) Loss in period                  | (46,571)           | -             |
|  | <u>(8,171)</u>     | <u>41,354</u> |
| Less amortization of losses            | 2,800              | 2,954         |
| Unamortized (gain) loss at end of year | <u>\$ (10,971)</u> | <u>38,400</u> |

### 10. Reserves

|   | <u>2019</u>         | <u>2018</u>      |
|---|---------------------|------------------|
| Reserves consist of:  |                     |                  |
| Building  | \$ 338,701          | 298,701          |
| Conservation areas  | 17,000              | -                |
| Information technology                                      | 32,000              | 24,000           |
| Museum Building & Art                                       | 4,398               | 2,868            |
| Sick pay  | 73,843              | 73,843           |
| Vehicles  | 95,403              | 36,903           |
| Water control structures                                    | 208,885             | 75,385           |
| Water management priorities (Glen Cairn Provincial funding) | 578,771             | 697,000          |
|   | <u>\$ 1,349,001</u> | <u>1,208,700</u> |

## **MISSISSIPPI VALLEY CONSERVATION AUTHORITY**

Notes to Financial Statements  
Year Ended December 31, 2019

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### **15. Economic Dependence**

The Authority is dependent on municipal levies for a significant portion of its revenue. As the Authority's main source of income is derived from these levies, its ability to continue viable operations is dependent upon the renewal of those levies on an annual basis.