

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

QUINTE CONSERVATION AUTHORITY
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DECEMBER 31, 2024

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QUINTE CONSERVATION AUTHORITY

For The Year Ended December 31, 2024

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.

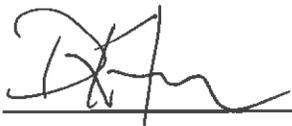
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen 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.



Chair



Chief Administrative Officer

June 19, 2025

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, 2024, the consolidated statements of operations and accumulated surplus, change in net financial assets/(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, 2024, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

July 24, 2025



QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash	1,284,548	84,160
Accounts receivable	1,907,448	1,007,065
Funds held in trust (note 4)	501,320	484,763
TOTAL FINANCIAL ASSETS	3,693,316	1,575,988
LIABILITIES		
Bank indebtedness (note 13)	60,000	169,881
Accounts payable	406,047	456,035
Deferred revenue (note 5)	351,845	625,631
Long term debt (note 4)	1,093,851	1,331,922
TOTAL LIABILITIES	1,911,743	2,583,469
NET FINANCIAL ASSETS/(NET DEBT)	1,781,573	(1,007,481)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	14,791,125	14,737,662
Prepaid expenses	100,649	99,406
TOTAL NON-FINANCIAL ASSETS	14,891,774	14,837,068
ACCUMULATED SURPLUS (note 6)	16,673,347	13,829,587

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, 2024

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Provincial grants (note 7)	592,562	1,055,756	912,396
Federal grants	40,000	36,617	-
Municipal levies - general	2,047,242	2,047,315	2,055,117
- special	940,441	940,439	781,329
Rentals and leases	70,000	71,793	70,025
Interest earned	15,000	57,543	65,274
Donations	12,500	9,283	33,479
Sales and refunds	20,000	17,630	14,898
Fees	581,501	444,018	494,817
Tree planting and reforestation	85,000	136,694	4,163
Gate receipts	253,635	402,668	294,647
Hydro power generation	-	463,183	463,406
Big Island rehabilitation	6,350	181,038	10,406
Other programs	390,779	869,088	794,801
Carbon offset credits	150,000	2,044,312	150,000
Contributed tangible capital assets	-	44,000	28,000
TOTAL REVENUES	5,205,010	8,821,377	6,172,758
EXPENSES			
Administration (note 8)	399,307	483,705	371,524
Program operations (note 9)	2,549,897	2,458,451	2,387,470
Maintenance - conservation areas	370,058	268,833	221,722
Other projects (note 10)	1,482,974	2,302,364	2,214,598
Amortization	447,910	465,564	447,910
Loss (gain) on disposal of tangible capital assets	-	(1,300)	10,939
TOTAL EXPENSES	5,250,146	5,977,617	5,654,163
ANNUAL SURPLUS/(DEFICIT)	<u>(45,136)</u>	2,843,760	518,595
ACCUMULATED SURPLUS - beginning of year		13,829,587	13,310,992
ACCUMULATED SURPLUS - end of year		16,673,347	13,829,587

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)

For the Year Ended December 31, 2024

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	(45,136)	2,843,760	518,595
Amortization of tangible capital assets	447,910	465,564	447,910
Purchase of tangible capital assets	(352,774)	(475,027)	(503,640)
Loss (gain) on disposal of tangible capital assets	-	(1,300)	10,939
Proceeds on sale of tangible capital assets	-	1,300	11,636
Contributed tangible capital assets	-	(44,000)	(28,000)
Change in prepaid expenses	-	(1,243)	(11,454)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	50,000	2,789,054	445,986
NET DEBT - beginning of year	(1,007,481)	(1,007,481)	(1,453,467)
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(957,481)	1,781,573	(1,007,481)

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, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,843,760	518,595
Items not involving cash		
Amortization of tangible capital assets	465,564	447,910
Loss/(gain) on disposal of tangible capital assets	(1,300)	10,939
Contributed capital assets	(44,000)	(28,000)
Change in non-cash assets and liabilities		
Accounts receivable	(900,383)	69,375
Funds held in trust	(16,557)	(39,895)
Prepaid expenses	(1,243)	(11,454)
Accounts payable	(49,988)	88,562
Deferred revenue	(273,786)	(296,711)
Net change in cash from operating activities	2,022,067	759,321
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(475,027)	(503,640)
Proceeds on disposal of tangible capital assets	1,300	11,636
Net change in cash from capital activities	(473,727)	(492,004)
FINANCING ACTIVITIES		
Debt principal repayments	(238,071)	(223,323)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,310,269	43,994
CASH AND CASH EQUIVALENTS - beginning of year	(85,721)	(129,715)
CASH AND CASH EQUIVALENTS - end of year	1,224,548	(85,721)
Comprised of:		
Cash	1,284,548	84,160
Bank indebtedness	(60,000)	(169,881)
	1,224,548	(85,721)

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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 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, tree planting and reforestation, hydro power generation 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.

Carbon offset credits are recorded when the revenue has been earned and can be reliably estimated.

(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.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Funds held in trust	Amortized Cost
Bank indebtedness	Amortized Cost
Accounts payable	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Authority manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

As there are no unrealized gains or losses on financial instruments to report, the Consolidated Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

(h) 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:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 2(b)

3. TANGIBLE CAPITAL ASSETS

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

	2024	2023
	\$	\$
General		
Land	2,990,415	2,946,415
Buildings	1,181,986	640,575
Machinery and equipment	716,096	792,308
Vehicles	94,175	86,955
Trails and boardwalks	629,787	670,332
Infrastructure		
Dams and weirs	9,112,185	9,341,664
	14,724,644	14,478,249
Assets under construction	66,481	259,413
	14,791,125	14,737,662

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

During the year there were no write-downs of assets (2023 - \$Nil), and no interest capitalized (2023 - \$Nil).

Contributed tangible capital assets of \$44,000 in 2024 and \$28,000 in 2023 both consisted of donated land.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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:

	2024	2023
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412%, due November 1, 2028	1,093,851	1,331,922

- (b) Interest paid during the year on long term debt amounted to \$78,487 (2023 - \$93,235).
- (c) The funds held in trust of \$501,320 (2023 - \$484,763) reported on the Consolidated Statement of Financial Position is comprised of \$367,051 (2023 - \$354,928) debt service reserve fund described in (d) below plus \$134,269 (2023 - \$129,835) 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 \$158,279, representing 6 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. Since the Association has been in non-compliance with the debt service coverage requirement and the working capital requirement in the past, Corpfinance considers the Association to be in non-compliance for the entire term of the loan. 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
	\$	\$	\$
2025	253,793	62,765	316,558
2026	270,553	46,005	316,558
2027	288,420	28,138	316,558
2028	281,085	9,092	290,177
	1,093,851	146,000	1,239,851

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2024	2023
	\$	\$
Source water protection planning	77,513	37,964
Dam studies matching funds projects	39,568	139,509
Second Depot Lake seasonal camping fees	6,821	8,934
Bay of Quinte Remedial Action Plan programs	4,339	4,339
Frink Centre projects	119,827	49,088
Restricted donations	36,000	287,640
Other	67,777	98,157
	351,845	625,631

The continuity of deferred revenue is as follows:

	2024	2023
	\$	\$
Balance - beginning of year	625,631	922,342
Add amounts received:		
Source water protection planning funding	410,296	418,552
Dam studies matching funds projects funding	73,507	169,125
Bay of Quinte Remedial Action Plan programs funding	-	5,263
Frink Centre projects funding	132,455	45,490
Restricted donations	36,000	3,000
Other funding	257,485	221,283
	909,743	862,713
Less transfer to operations:		
Source water protection planning	370,747	380,584
Dam studies matching funds projects	129,104	159,075
Second Depot Lake seasonal camping fees	75,620	52,618
Bay of Quinte Remedial Action Plan programs	-	8,278
Frink Centre projects	66,481	10,037
Restricted donations earned	287,640	237,200
Storm water management	-	106,787
Other	253,937	204,845
	1,183,529	1,159,424
Balance - end of year	351,845	625,631

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Surplus/(Deficit)		
Operating	1,902,472	356,739
Quinte Conservation Association	(709,489)	(681,221)
	<u>1,192,983</u>	<u>(324,482)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	14,791,125	14,737,662
Long term debt	(1,093,851)	(1,331,922)
Unfunded capital - boat	(14,500)	(19,300)
Unfunded capital - WECl projects	-	(67,227)
	<u>13,682,774</u>	<u>13,319,213</u>
Surplus	<u>14,875,757</u>	<u>12,994,731</u>
Reserves		
Working funds	506,488	402,335
Source water	176,923	138,958
Soda Hub Connection	47,363	38,708
Legal	46,103	26,103
Bay of Quinte equipment replacement	10,266	6,259
Future projects	28,401	22,901
Green energy	57,835	57,835
Carbon offsets	461,884	-
Capital asset management	141,132	-
WECl projects	321,195	-
Bay of Quinte Stewardship	-	1,380
Flinton Dam	-	22,500
Wishart Dam	-	18
Sprinside Dam	-	8,120
Demorestville Dam	-	16,243
James Lazier Dam	-	8,221
Climate Change	-	7,500
Reforestation	-	77,775
Total Reserves	<u>1,797,590</u>	<u>834,856</u>
	<u>16,673,347</u>	<u>13,829,587</u>

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

7. PROVINCIAL GRANTS

Provincial grants include the following:

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
Operations	166,117	166,117	166,117
Source water protection planning	411,445	370,747	376,071
Dam inspections and capital asset management	-	306,756	247,906
Flood plain mapping	-	188,497	104,638
Skootamatta operation agreement	15,000	23,639	15,000
Ackerman property project	-	-	2,664
	592,562	1,055,756	912,396

8. ADMINISTRATION EXPENSES

Administration expenses include the following:

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
Wages and benefits	204,651	244,604	193,439
Member costs	12,000	12,133	9,794
Office operations	182,656	226,968	228,567
Administration recovery	-	-	(60,276)
	399,307	483,705	371,524

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

9. PROGRAM OPERATIONS EXPENSES

Program operations expenses are comprised of the following:

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
Operation and maintenance of water control structures	206,943	146,352	601,601
Flood forecasting	1,831,444	1,841,577	700,750
Plan input	5,000	18,405	593,343
Information and interpretation	209,618	43,645	107,903
Taxes and insurance	287,550	281,282	254,633
Legal	17,280	51,320	21,234
Conservation services	83,662	52,270	79,634
Vehicle and equipment expenses	-	164,100	124,178
Internal vehicle charges based on usage	-	(140,500)	(95,806)
	2,641,497	2,458,451	2,387,470

10. OTHER PROJECTS EXPENSES

Other projects expenses include the following:

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
Other programs	826,425	1,085,931	1,103,226
Source water protection planning	656,549	746,927	645,168
Hydro power generation	-	270,370	231,953
Forest operations	-	179,393	198,322
Environmental day camps	-	19,743	35,929
	1,482,974	2,302,364	2,214,598

11. 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.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

12. BUDGET FIGURES

The budget, approved by the Authority differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of the Board of Director's approved budget to the annual surplus/(deficit):

	2024
	\$
Board approved budgeted surplus	-
Tangible capital asset additions	352,774
Amortization of tangible capital assets	(447,910)
Transfers to/(from) reserves	50,000
Annual surplus/(deficit) reported on the Consolidated Statement of Operations	(45,136)

13. 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, 2024 there was a balance outstanding of \$60,000 (2023 - \$150,000).

Included in bank indebtedness in 2023 are outstanding cheques which exceeded the bank balance at December 31, 2023 by \$19,881. At December 31, 2024 outstanding cheques do not exceed the bank balance.

14. EXPENSES BY OBJECT

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

	Budget 2024 \$ (note 12)	Actual 2024 \$	Actual 2023 \$
Salaries and benefits	2,887,844	2,780,857	2,396,360
Interest charges	-	78,487	93,235
Materials	1,385,691	2,084,441	2,092,217
Contracted services	583,401	631,921	690,586
Rents and financial	11,000	48,613	45,321
External transfers	31,500	29,534	33,677
Amortization	447,910	465,564	447,910
Internal charges	(97,200)	(140,500)	(156,082)
Loss (gain) on disposal of tangible capital assets	-	(1,300)	10,939
	5,250,146	5,977,617	5,654,163

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

15. 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 2024 Annual Report disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets of \$139,576 million indicating an actuarial deficit of \$2,913 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.

Employer contributions to OMERS by the Authority during the year amounted to \$226,858 (2023 - \$222,056). These contributions which match the employees' contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the Authority.

16. COMPARATIVE FIGURES

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

17. CHANGES IN ACCOUNTING POLICIES

The Authority has implemented the following sections which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Authority's consolidated financial statements.

QUINTE CONSERVATION AUTHORITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

18. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Authority assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Authority is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Authority monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

Liquidity risk

Liquidity risk is the risk that the Authority cannot repay its obligations when they become due to its creditors. The Authority reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Authority has interest rate exposure on its long term debt. The exposure on its long term debt is low as they have a fixed interest rates.

In the opinion of management, the Authority is not exposed to any significant market or currency risk.

QUINTE CONSERVATION AUTHORITY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	General					Infrastructure		
	Land	Buildings	Machinery and Equipment	Vehicles	Trails and Boardwalks	Dams and Weirs	Assets Under Construction	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,946,415	1,300,880	1,310,331	653,894	810,891	15,578,855	259,413	22,860,679
Add: additions during the year	44,000	316,796	59,642	32,108	-	-	66,481	519,027
Less: disposals during the year	-	-	-	47,907	-	-	-	47,907
Transfers	-	259,413	-	-	-	-	(259,413)	-
Balance, end of year	2,990,415	1,877,089	1,369,973	638,095	810,891	15,578,855	66,481	23,331,799
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	660,305	518,023	566,939	140,559	6,237,191	-	8,123,017
Add: additions during the year	-	34,798	135,854	24,888	40,545	229,479	-	465,564
Less: disposals during the year	-	-	-	47,907	-	-	-	47,907
Balance, end of year	-	695,103	653,877	543,920	181,104	6,466,670	-	8,540,674
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,990,415	1,181,986	716,096	94,175	629,787	9,112,185	66,481	14,791,125

**QUINTE CONSERVATION AUTHORITY
QUINTE CONSERVATION ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

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, 2024, 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, 2024, 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
July 24, 2025

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION STATEMENT OF FINANCIAL POSITION At December 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash	1,904	63,277
Accounts receivable	42,293	42,382
Funds held in trust (note 9)	501,320	484,763
TOTAL FINANCIAL ASSETS	545,517	590,422
LIABILITIES		
Bank indebtedness (note 5)	60,000	-
Accounts payable	12,270	11,723
Due to Quinte Conservation Authority (note 3)	1,185,981	1,259,920
Long term debt (note 9)	1,093,851	1,331,922
TOTAL LIABILITIES	2,352,102	2,603,565
NET DEBT	(1,806,585)	(2,013,143)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	3,764,962	3,828,735
Prepaid expenses	3,245	-
TOTAL NON-FINANCIAL ASSETS	3,768,207	3,828,735
ACCUMULATED SURPLUS (note 7)	1,961,622	1,815,592

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, 2024

	2024	2023
	\$	\$
REVENUES		
Hydro generation	463,183	463,406
Investment income	16,989	20,551
Other recoveries	-	4,077
TOTAL REVENUES	480,172	488,034
EXPENSES		
Maintenance and repairs	92,082	63,304
Interest on long term debt	78,487	93,235
Contract wages	69,406	52,986
Amortization	63,773	63,773
Professional fees	12,094	12,288
Administration	8,565	3,268
Insurance	9,735	6,872
TOTAL EXPENSES	334,142	295,726
ANNUAL SURPLUS	146,030	192,308
ACCUMULATED SURPLUS - beginning of year	1,815,592	1,623,284
ACCUMULATED SURPLUS - end of year	1,961,622	1,815,592

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, 2024

	2024	2023
	\$	\$
ANNUAL SURPLUS	146,030	192,308
Amortization of tangible capital assets	63,773	63,773
Change in prepaid expenses	(3,245)	-
CHANGE IN NET DEBT	206,558	256,081
NET DEBT - beginning of year	(2,013,143)	(2,269,224)
NET DEBT - end of year	(1,806,585)	(2,013,143)

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, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	146,030	192,308
Items not involving cash		
Amortization of tangible capital assets	63,773	63,773
Change in non-cash working capital		
Accounts receivable	89	22,927
Funds held in trust	(16,557)	(39,895)
Prepaid expenses	(3,245)	-
Accounts payable	547	(1,102)
Due to Quinte Conservation Authority	(73,939)	23,182
Net change in cash from operating activities	116,698	261,193
FINANCING ACTIVITIES		
Debt principal repayments	(238,071)	(223,323)
NET CHANGE IN CASH	(121,373)	37,870
CASH - beginning of year	63,277	25,407
CASH - end of year	(58,096)	63,277
Comprised of:		
Cash	1,904	63,277
Bank indebtedness	(60,000)	-
	(58,096)	63,277

The accompanying notes are an integral part of these financial statements

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

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.

2. 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:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 2(d)

QUINTE CONSERVATION AUTHORITY

**QUINTE CONSERVATION ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Funds held in trust	Amortized Cost
Bank indebtedness	Amortized Cost
Accounts payable	Amortized Cost
Due to Quinte Conservation Authority	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Association manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.



QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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

(e) 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.

(f) 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.

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.

4. ECONOMIC DEPENDENCE

The major source of revenue is in the form of hydro generation sales to Elexicon Energy 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 Elexicon Energy Inc.

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

5. 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 Authority's Executive Committee authorized the temporary borrowing limit on February 12, 2007. At December 31, 2024 there was a balance outstanding of \$60,000 (2023 - \$NIL).

6. TANGIBLE CAPITAL ASSETS

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

	Dams & weirs \$	Machinery & equipment \$	2024 Total \$	2023 Total \$
COST				
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
ACCUMULATED AMORTIZATION				
Balance, beginning of year	944,743	9,479	954,222	890,449
Add: additions during the year	62,983	790	63,773	63,773
Balance, end of year	1,007,726	10,269	1,017,995	954,222
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,716,001	48,961	3,764,962	3,828,735

During the year there were no write-downs of assets (2023 - \$Nil) and no interest capitalized (2023 - \$Nil).

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Deficit		
Operating	(709,489)	(681,221)
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	3,764,962	3,828,735
Long term debt	(1,093,851)	(1,331,922)
	2,671,111	2,496,813
	1,961,622	1,815,592

8. CONTRACTUAL RIGHTS

The Association has entered into an agreement with Elexicon Energy 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, 2024

9. LONG TERM DEBT

(a) Long term debt consists of the following:

	2024	2023
	\$	\$
Loan from Corpfinance, repayable in blended monthly instalments of \$26,380 with interest at 6.412%, due November 1, 2028	1,093,851	1,331,922

(b) Interest paid during the year on long term debt amounted to \$78,487 (2023 - \$93,235).

(c) The funds held in trust of \$501,320 (2023 - \$484,763) reported on the Statement of Financial Position is comprised of \$367,051 (2023 - \$354,928) debt service reserve fund described in (d) below plus \$134,269 (2023 - \$129,835) 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 \$158,279, 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. Since the Association has been in non-compliance with the debt service coverage requirement and the working capital requirement in the past, Corpfinance considers the Association to be in non-compliance for the entire term of the loan. 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
	\$	\$	\$
2025	253,793	62,765	316,558
2026	270,553	46,005	316,558
2027	288,420	28,138	316,558
2028	281,085	9,092	290,177
	1,093,851	146,000	1,239,851

QUINTE CONSERVATION AUTHORITY

QUINTE CONSERVATION ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

10. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Association assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Association is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Association has interest rate exposure on its long term debt. The exposure on its long term debt is low as they have a fixed interest rates.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Association monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

(c) Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of cash to cover operating expenses.

In the opinion of management, the Association is not exposed to any significant market, or currency risk.

11. CHANGE IN ACCOUNTING POLICY

The Association has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Association's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Association's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Association's financial statements.