



March 21, 2024

Baker Tilly REO LLP
 475 Main Street
 P.O. Box 390
 Winchester Ontario K0C 2K0

Dear Sir / Madam:

This representation letter is provided in connection with your audit of the financial statements of South Nation River Conservation Authority for the year ended December 31, 2023 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards (PSAS).

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief):

Financial Statements

We have fulfilled our responsibilities as set out in the terms of the audit engagement dated November 22, 2023 for:

1. Preparing and fairly presenting the financial statements in accordance with PSAS;
2. Providing you with:
 - A. Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as:
 - i. Accounting records, supporting data and other relevant documentation,
 - ii. Minutes of meetings (such as shareholders, board of directors and audit committees) or summaries of actions taken for which minutes have not yet been prepared, and
 - iii. Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements;
 - B. Additional information that you have requested from us for the purpose of the audit; and
 - C. Unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
3. Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and





(continued)

4. Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

Fraud and Non Compliance

We have disclosed to you:

1. All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements;
2. All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
3. All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
4. All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
5. The results of our risk assessments regarding possible fraud or error in the financial statements.

Related Parties

We have disclosed to you the identity of all of the Authority's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of PSAS.

Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with PSAS. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm that the methods, significant assumptions and the data used by us in making accounting estimates and related financial statement disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with PSAS.



(continued)

Subsequent Events

All events subsequent to the date of the financial statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed.

Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

Misstatements

The effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements, including the reasons why they were not corrected, is attached to this letter.

Accounting policies

All significant accounting policies are disclosed in the financial statements and are consistent with those used in the previous period.

Contractual compliance

We have complied with the terms and conditions of all contractual agreements that could have a material effect, in the event of non-compliance, on the financial statements.

Fair values

We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.



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(continued)

Journal entries

We have approved all journal entries and other adjustments proposed by you, and they have been included in our financial statements.

Material measurement uncertainties

The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

Subsequent events

There have been no events between the balance sheet date and the date of this letter that would require recognition or disclosure in the financial statements.

There have been no events subsequent to the balance sheet date of the comparative financial statements that would require adjustment or disclosure in the current financial statements.

Management fees, wages or bonuses paid to (or accrued on behalf of) related parties

All management fees, bonuses or other remuneration paid to or accrued on behalf of members or related parties represent the fair market value of services performed for, or goods provided to, the Authority.

Acknowledged and agreed on behalf of South Nation River Conservation Authority by:

March 21, 2024
Date signed

March 21, 2024
Date signed

**South Nation River Conservation Authority
 Schedule of Likely Aggregate Misstatements
 December 31, 2023**

Overall Materiality

<u>Preliminary overall:</u>	<u>\$424,000</u>
<u>Preliminary performance:</u>	<u>\$318,000</u>
<u>Dollar threshold for clearly trivial errors</u>	<u>\$21,200</u>
<u>Final performance:</u>	<u>\$318,000</u>
Dollar threshold for clearly trivial errors	<u>\$-</u>

Specific Materiality

Select from available options below:
 N/A

Proposed Adjustments Dr (Cr)

Statement of Income

Balance Sheet

Description of Misstatement	File Ref.	Identified Misstatements	Likely Misstatements	Proposed Adjustments Dr (Cr)			Opening Equity	Type	Corrected?
				Assets	Liabilities				

**South Nation River Conservation Authority
Schedule of Likely Aggregate Misstatements**

December 31, 2023

a) Totals	-	-	-	-
b) Misstatements corrected by management	-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)	-	-	-	-
d) Effect of unadjusted misstatements from previous year's reversing errors	-	-	-	-
e) Aggregate likely misstatements (c + d)	-	-	-	-
f) Final overall <u>materiality</u>	424,000	424,000	424,000	424,000
g) Amount remaining for further possible misstatement (f - e)	424,000	424,000	424,000	424,000
h) Total of reversing errors (to be carried forward to next year)	-	-	-	-

Summary of Omissions and Other Errors in Presentation and Disclosure

Description of Error or Omission	Ref	Description of Proposed Correction and Impact on F/S if Not Corrected	Corrected?
Possible contingent gain from lawsuit	<u>TT.1.2</u>	Missing disclosure on the nature of the possible contingent gain. Management deems this information to be privileged due to an ongoing legal matter	

South Nation River Conservation Authority

DFC H90

Year End: December 31, 2023

Client Adjusting Journal Entries

Date: 01/01/2023 To 12/31/2023

Number	Date	Name	Account No	Debit	Credit
1	12/31/2023	Other Receivable	121409	54,000.00	
1	12/31/2023	OTHER PAYABLE	202150		54,000.00
1	12/31/2023	Municipal - UCPR (I.T.C.)	460203-CPFP015		54,000.00
1	12/31/2023	Contracted Services (I.T.C.)	503808-CPFP015	54,000.00	
To record invoices found in subsequent payments testing to the correct year (client provided entry)					
2	12/31/2023	SURPLUS	353200		393,961.32
2	12/31/2023	To (From) Reserves - Operations	493100-ADAD002	243,961.32	
2	12/31/2023	TO (FROM) RESERVES STABILIZATION	493110-ADAD002	150,000.00	
To record transfer to reserves posted in prior year by client					
3	12/31/2023	HST/G.S.T.- 100% REBATE (purchases)	121810		535.60
3	12/31/2023	HST/PST Purchases	122002		668.44
3	12/31/2023	OTHER PAYABLE	202150	12,104.66	
3	12/31/2023	Equipment and Tools	501401-PEWE002		712.32
3	12/31/2023	Software and Annual Fees	501803-PEWE002		814.08
3	12/31/2023	Software and Annual Fees	501803-PEWE003		1,628.16
3	12/31/2023	Supplies and Materials	502001-CPWQ007		7,746.06
To reverse invoice of goods that werent paid for or received at year end (client provided entry)					
				514,065.98	514,065.98

Net Income (Loss) 3,006,860.63