

Financial Statements of

**NIAGARA PENINSULA
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Board of Niagara Peninsula Conservation Authority

Opinion

We have audited the financial statements of Niagara Peninsula Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada
May 21, 2020

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 3,454,034	\$ 6,138,740
Investments	4,381,512	4,256,273
Accounts receivable	666,214	278,986
	<u>8,501,760</u>	<u>10,673,999</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,389,998	759,075
Employee future benefits (note 2)	66,300	73,200
Deferred revenue (note 4)	1,521,047	1,776,979
Long-term debt (note 3)	216,325	700,030
	<u>3,193,670</u>	<u>3,309,284</u>
Net financial assets	5,308,090	7,364,715
Non-financial assets		
Prepaid expenses	36,797	33,109
Tangible capital assets (note 5)	21,008,145	20,145,167
	<u>21,044,942</u>	<u>20,178,276</u>
Subsequent event (note 15)		
Accumulated surplus (note 6)	\$ 26,353,032	\$ 27,542,991

See accompanying notes to financial statement.


Brenda Johnson, Chair



Chandra Sharma, CAO/Secretary-Treasurer

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 9)	2019 Actual	2018 Actual
Revenues:			
Government transfers			
Province of Ontario – Ministry of Natural Resources and Forestry ("MNRF")	\$ 174,496	\$ 90,083	\$ 174,496
Province of Ontario - Other	302,500	223,482	267,038
Government of Canada	100,000	100,000	132,705
Municipal levies			
General	6,416,084	6,416,084	6,246,119
Special	2,252,166	635,001	2,252,166
Authority generated			
User fees, sales and admissions	1,892,600	2,148,195	1,936,971
Administration fees	314,850	401,000	417,690
Interest	60,000	214,063	155,013
Other	235,200	445,261	701,053
OPG - Welland river watershed	-	195,432	-
	11,747,896	10,868,601	12,283,251
Expenses:			
CAO and Administration	2,002,676	3,068,776	2,019,335
Watershed	5,257,856	1,868,308	1,557,677
Corporate Resources	2,077,585	7,121,476	5,629,051
	9,338,117	12,058,560	9,206,063
Annual (deficit) surplus	2,409,779	(1,189,959)	3,077,188
Accumulated surplus, beginning of year	27,542,991	27,542,991	24,465,803
Accumulated surplus, end of year	\$ 29,952,770	\$ 26,353,032	\$ 27,542,991

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual (deficit) surplus	\$ (1,189,959)	\$ 3,077,188
Acquisition of tangible capital assets	(1,744,615)	(1,063,320)
Amortization of tangible capital assets	864,071	823,061
Proceeds on disposal of tangible capital assets	47,569	-
Gain on disposal of tangible capital assets	(30,003)	-
Increase in prepaid expenses	(3,688)	(7,473)
	(2,056,625)	2,829,456
Net financial assets, beginning of year	7,364,715	4,535,259
Net financial assets, end of year	\$ 5,308,090	\$ 7,364,715

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Statement of Changes in Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual (deficit) surplus	\$(1,189,959)	\$ 3,077,188
Item not involving cash:		
Amortization of tangible capital assets	864,071	823,061
Contributions of tangible capital assets	-	(145,000)
Gain on disposal of tangible capital assets	(30,003)	-
Employee future benefits	(6,900)	(36,300)
Change in non-cash operating working capital:		
Accounts receivable	(387,228)	297,418
Accrued interest on investments	1,961	(2,203)
Prepaid expenses	(3,688)	(7,473)
Accounts payable and accrued liabilities	630,923	(656,342)
Deferred revenue	(255,932)	(340,999)
Net change in cash and cash equivalents from operations	(376,755)	3,009,350
Capital activities:		
Purchases of tangible capital assets	(1,744,615)	(918,320)
Proceeds from disposal of tangible capital assets	47,569	-
Net change in cash and cash equivalents from capital activities	(1,697,046)	(918,320)
Investing activities:		
Proceeds from sale of investments	4,250,000	4,072,250
Purchases of investments	(4,377,200)	(4,250,000)
Net change in cash and cash equivalents from investing activities	(127,200)	(177,750)
Financing activities:		
Repayment of long-term debt	(483,705)	(760,429)
Net change in cash and cash equivalents	(2,684,706)	1,152,851
Cash and cash equivalents, beginning of year	6,138,740	4,985,889
Cash and cash equivalents, end of year	\$ 3,454,034	\$ 6,138,740

See accompanying notes to financial statement.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2019

The Niagara Peninsula Conservation Authority ("the Authority") is established under The Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources. It is exempt from income taxes under section 149(1)(c) of the Income Tax Act.

1. Significant accounting policies:

The financial statements of Niagara Peninsula Conservation Authority ("the Authority") are prepared by management in accordance with Public Sector Accounting Standards ("PSAS"). Significant accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(c) Investments:

Investments consist of term deposits and are recorded at amortized cost. Investments held by the Authority have a market value that approximates cost given their fixed interest rate nature and maturity date within one year. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Investment income earned on investments are reported as revenue in the period earned.

(d) Deferred revenue:

Deferred revenues represent government transfers and user fees which have been collected but for which related expenses or related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset. The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Cost, less residual value of tangible capital assets are amortized on a straight line basis over their estimated useful life. Land is considered to have an infinite life without amortization. Full year amortization is charged in the year of acquisition. Work-in-progress assets are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Asset	Useful Life - Years
Land Improvements	20 years
Buildings	30 years
Dams	15 to 100 years
Gauge stations	15 to 30 years
Equipment	10 years
Vehicles	5 years
Office equipment	5 years

Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition and recognized as revenue in the year of contribution.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(f) Revenue recognition:

i) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

ii) Municipal levies

Municipal levies are recognized as revenue in the year in which they meet the definition of an asset, the levy is authorized and the levy event has occurred.

iii) Authority generated

User fees, sales and admissions and other income is reported as revenue in the period earned.

(g) Employee future benefits:

The Authority provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees to age 65. The employee future benefits represent management's best estimates of the cost of premiums on benefits up to the date of retirement.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in future. Significant estimates include assumptions used in the estimation of employee future benefits.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Employee future benefit:

The Authority provides extended life, health and dental benefits for early retirees to age 65 which will require funding in future periods. The Authority recognizes these retirement benefit costs in the period in which the service is rendered. The accrued benefit liability at December 31, 2019 was estimated by management to be \$66,300 (2018 - \$73,200). Information about the Authority's benefit plan is as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$ 73,200	\$ 109,500
Current benefit cost	14,195	(9,152)
Benefits paid	(21,095)	(27,148)
Accrued benefit obligation, end of year	\$ 66,300	\$ 73,200

3. Long-term debt:

	2019	2018
The Authority has assumed responsibility for the payment of principal and interest charges on long-term debt issued by the Region of Niagara	\$ 216,325	\$ 700,030
	\$ 216,325	\$ 700,030

Long-term debt bears interest at rates ranging from 4.5% - 4.8%. Total principal payments to be made on the outstanding long-term debt is \$216,325 in 2020.

The Authority paid \$27,980 (2018 - \$63,691) in interest on long-term debt during the year.

4. Deferred revenue:

Deferred revenues consist of the following:

	Balance at December 31, 2018	Externally restricted inflows	Revenue earned	Balance at December 31, 2019
User fees and other	\$ 217,677	\$ 132,984	\$ (150,681)	\$ 199,980
Government grants	296,960	22,560	(65,363)	254,157
Welland river watershed- Ontario Power Generation ("OPG")	1,262,342	-	(195,432)	1,066,910
Total	\$ 1,776,979	\$ 155,544	\$ (411,476)	\$ 1,521,047

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Transfers/ Disposals	Balance at December 31, 2019
Land	\$ 8,655,507	\$ 536,943	\$ -	\$ 9,192,450
Land improvements	6,037,653	302,475	-	6,340,128
Buildings	5,749,357	312,284	-	6,061,641
Dams	4,986,642	-	-	4,986,642
Gauge stations	403,351	-	-	403,351
Equipment	2,167,681	194,023	(61,164)	2,300,540
Vehicles	314,254	-	(29,558)	284,696
Office equipment	858,516	123,548	(11,392)	970,672
Work-in-progress	236,916	375,919	(100,577)	512,258
Total	\$ 29,409,877	\$ 1,845,192	\$ (202,691)	\$ 31,052,378

Accumulated Amortization	Balance at December 31, 2018	Additions	Transfers/ Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,986,422	256,485	-	3,242,907
Buildings	2,305,455	192,870	-	2,498,325
Dams	1,713,041	59,085	-	1,772,126
Gauge stations	204,329	20,626	-	224,955
Equipment	1,156,281	178,409	(43,598)	1,291,092
Vehicles	251,808	20,816	(29,558)	243,066
Office equipment	647,374	135,780	(11,392)	771,762
Total	\$ 9,264,710	\$ 864,071	\$ (84,548)	\$ 10,044,233

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Tangible capital assets (continued):

	Net Book Value December 31, 2018	Net Book Value December 31, 2019
Land	\$ 8,655,507	\$ 9,192,450
Land improvements	3,051,231	3,097,221
Buildings	3,443,902	3,563,316
Dams	3,273,601	3,214,516
Gauge stations	199,022	1,009,448
Equipment	1,011,400	178,396
Vehicles	62,446	41,630
Office equipment	211,142	198,910
Work-in-progress	236,916	512,258
Total	\$ 20,145,167	\$ 21,008,145

Work-in-process, having a value of \$512,258 (2018 - \$236,916) has not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$nil (2018 - \$145,000 comprised of land).

Tangible capital assets recognized at nominal value include land used in the operations and conservation management.

The Authority has not recorded a write-down of tangible capital assets during the year or 2018.

6. Accumulated surplus:

Accumulated surplus consists of the following:

	2019	2018
Invested in tangible capital assets	\$ 20,791,820	\$ 19,445,137
Reserves set aside by the Board of the Authority for specific purpose	5,627,512	8,171,054
Unfunded employee future benefits liability	(66,300)	(73,200)
	\$ 26,353,032	\$ 27,542,991

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Accumulated surplus (continued):

Reserves set aside by the Board of the Authority for specific purpose consists of the following:

	2019	2018
General capital	\$ 548,734	\$ 1,373,806
Operating reserve	1,507,903	1,360,743
Equipment	-	107,257
Flood protection	281,773	318,406
Levy differential	31,619	1,646,591
Land acquisitions	2,926,032	3,031,880
Restoration	251,038	250,000
Tree by-law	80,413	82,371
	\$ 5,627,512	\$ 8,171,054

7. Credit facility:

The Authority's credit facility includes an overdraft lending account of \$765,000 bearing interest at prime. As at December 31, 2019, \$nil (2018 - \$nil) was drawn on this facility. As at December 31, 2019, \$35,000 (2018 - \$nil) was issued by way of a letter of credit to a municipality for which the Authority receives levies in exchange for construction work on-going within the municipal boundaries. The facility is secured by a general security agreement.

8. Pension plan:

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 56 (2018 - 54) members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit of \$3.4 billion (2018 - \$4.2 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2019 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2019 current and past service was \$394,201 (2018 - \$378,347) and were matched by employee contributions.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

9. Budget data:

The budget data presented in these financial statements is based upon the 2019 operating budget approved by the Board of the Authority on November 21, 2018 and capital budget approved November 14, 2018. Amortization was not incorporated in the development of the budget and, as such, were not provided on the statement of changes in net financial assets. The chart below reconciles the approved budget to the budget figures reported in these financial statements:

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 10,181,545
Capital	2,219,886
Less:	
Transfers from reserves	(653,535)
Total revenues	11,747,896
Expenses:	
Operating	
Approved budget	8,957,751
Capital	
Approved budget	2,219,886
Add:	
Amortization	864,071
Less:	
Tangible capital assets included in operating expense	(2,219,886)
Debt principal payments	(483,705)
Total expenses	9,338,117
Annual surplus	\$ 2,409,779

10. Contingencies:

The Authority is involved from time to time in litigation, which arises in the normal course of business. The exact outcome of these actions is not determinable as at the date of reporting. In respect of certain outstanding claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

11. Related party transactions:

During the year, the Authority incurred \$67,184 (2018 - \$75,568) in expenditures for per diems, honorariums, and mileage which was paid to and on behalf of members of the Board of Directors for the Authority.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

12. Contractual rights:

The Authority has contractual rights under contract with various Ministry agencies to receive funds in exchange for services to be provided under those contracts. The Authority is expecting up to \$46,512 in future revenues based on anticipated services to be performed.

13. Segmented information:

The Authority provides a wide range of services which are categorized by department. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

CAO and Administration

CAO and administration services is comprised of the administration services of the Authority.

Watershed

The watershed department is the umbrella for three divisions dedicated to monitoring, regulating, protecting and improving the health and safety of our watersheds.

Corporate Resources

The corporate resources department is the umbrella for three divisions dedicated to conservation land management, conservation land programming and development and managing the Authority's vehicles and equipment. Conservation land management is the administration department for the conservation areas. Conservation land programming and development is responsible for maintenance and improvements to the conservation areas. The vehicles and equipment department accounts for the cost of maintaining the vehicles and equipment.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal levies have been allocated to the segments based upon budgeted levies for the segment. Interest earned on investments has been allocated to the corporate resources segment.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

13. Segmented information (continued)

2019				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 15,200	\$ 74,883	\$ -	\$ 90,083
Government transfers	21,975	152,529	148,978	323,482
Municipal levies	1,754,956	1,207,344	4,088,785	7,051,085
User fees, sales and administration	-	-	2,148,195	2,148,195
Administration fees	-	401,000	-	401,000
Interest	-	-	214,063	214,063
Other	14,796	299,223	101,239	415,258
Gain on disposal	-	-	30,003	30,003
OPG - Welland river watershed	-	195,432	-	195,432
Total revenues	1,806,927	2,330,411	6,731,263	10,868,601
Expenses:				
Salaries and benefits	2,033,528	1,525,625	2,983,445	6,542,598
Materials and supplies	382,887	152,303	1,429,125	1,964,315
Contracted services	89,542	44,151	392,862	526,555
Professional fees	363,597	66,518	108,507	538,622
Rent and financial expenses	13,458	-	296,723	310,181
Debt service	-	-	27,980	27,980
Government transfer – levy differential	-	-	1,284,238	1,284,238
Amortization	185,764	79,711	598,596	864,071
Total expenses	3,068,776	1,868,308	7,121,476	12,058,560
Annual surplus	\$ (1,261,849)	\$ 462,103	\$ (390,213)	\$ (1,189,959)

2018				
	CAO and Administration	Watershed	Corporate Resources	Total
Revenues:				
MNRF transfers	\$ 29,496	\$ 145,000	\$ -	\$ 174,496
Government transfers	32,765	152,008	214,970	399,743
Municipal levies	2,143,418	1,112,380	5,242,487	8,498,285
User fees, sales and administration	-	-	1,936,971	1,936,971
Administration fees	-	417,690	-	417,690
Interest	-	-	155,013	155,013
Other	4,945	213,082	483,026	701,053
Total revenues	2,210,624	2,040,160	8,032,467	12,283,251
Expenses:				
Salaries and benefits	1,159,600	1,165,195	2,949,576	5,274,371
Materials and supplies	445,288	125,037	1,331,529	1,901,854
Contracted services	63,416	40,641	212,336	316,393
Professional fees	172,140	147,093	192,992	512,225
Rent and financial expenses	15,621	-	298,847	314,468
Debt service	-	-	63,691	63,691
Amortization	163,270	79,711	580,080	823,061
Total expenses	2,019,335	1,557,677	5,629,051	9,206,063
Annual surplus	\$ 191,289	\$ 482,483	\$ 2,403,416	\$ 3,077,188

NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

14. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year. There is no impact to accumulated surplus as a result of the reclassification.

15. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows and/or debt balances, which may also have a direct impact on the Authority's operating results and financial position in the future. The situation is dynamic and the ultimate duration is unknown and the magnitude of the impact on the economy and our business are not known at this time.