SOUTH NATION
CONSERVATION
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To: Board of Directors
From: Johanna Barkley, Director of Finance
Date: November 7, 2025
Subject: Update: 2025 Audit Planning

RECOMMENDATION:
The Board of Directors receive and file the Draft 2025 Audit Planning letter attached from Baker Tilly: and

FURTHER THAT: The Chair sign the 2025 Audit Planning and Engagement letters.

BACKGROUND:

Baker Tilly was engaged as the Authority's auditor on January 16th, 2025 (BD-008/25).

DISCUSSION:

The planning and engagement letters outline the auditor's independence, and responsibilities of both the auditor and Board of Directors.

The audit planning and engagement letters attached to this report is a communication requirement as per *Canadian Auditing Standards ("CAS")*. If the Board of Directors have questions about the audit process, they are encouraged to contact Baker Tilly.

Baker Tilly will commence the audit in February 2026 for the 2025 audit and is scheduled to present the draft 2025 audited Financial Statements at the Annual General Meeting scheduled for March 19th, 2026.

FINANCIAL IMPLICATIONS/ADHERENCE TO SNC POLICY:

Compliance with Budget: The audit fees are included in the 2025 budget.

SNC Policy Adherence: As per Auditing best practices.

Johanna Barkley,
Director of Finance.

Attachments: 2025 Audit Planning Letter
2025 Audit Engagement Letter

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November 7, 2025

South Nation River Conservation Authority
38 Victoria Street
P.O. Box 29
Finch ON K0C 1K0

Attention: Members of the Board of Directors

Dear Sir / Madam:

Re: Audit of the Financial Statements of South Nation River Conservation Authority

This report is intended solely for the use of the Board of Directors and should not be distributed without our prior consent. We accept no responsibility to a third party who uses this communication.

We have been engaged to express an audit opinion on the financial statements of South Nation River Conservation Authority ("the Authority") for the year ended December 31, 2025. Canadian Auditing Standards ("CAS") require that we communicate the following information with you in relation to your audit.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets and preventing and detecting fraud and error.

Auditor Independence

CAS require communications with audit committees, or other appropriate parties responsible for governance, at least annually, regarding all relationships between the Authority and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

We will, through our planning process, identify any potential independence threats and will communicate any concerns we identify. The Authority, management and the Board of Directors have a proactive role in this process, and are responsible for understanding the independence requirements applicable to the Authority and its auditor. You must also bring to our attention any changes in the threshold status of the Authority, any concerns you may have, or any knowledge of situations or relationships between the Authority, management, personnel (acting in an oversight or financial reporting role) and our Firm, its partners/principals and audit team personnel that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Ontario and applicable legislation, covering such matters as:

(a) holding a financial interest, either directly or indirectly, in a client;

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(b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;

(c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;

(d) economic dependence on a client; and

(e) provision of services in addition to the audit engagement.

In accordance with our professional requirements, we advise you that we are not aware of any relationships between the company and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby confirm that our audit engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the company within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Partner and Engagement Team Rotation

Under the independence provisions of Rule 204 (as referenced above), the Firm must address familiarity threats resulting from long-term association of the lead partner and key engagement team personnel through mandatory and systematic rotation of partners and quality control review personnel for listed entity audits.

Fees at Regular Billing Rate

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable HST, and are due when rendered. Fees for any additional services will be established separately.

Our Responsibilities as Auditor

As stated in the engagement letter, our responsibility as auditor of your Authority is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in accordance with Canadian public sector accounting standards (PSAS).

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain material misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used, and their application;
- Assessing the significant estimates made by management;
- Concluding 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 company's ability to continue as a going concern; and

- Evaluating 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 matter that achieves fair presentation.

As part of our audit, we will obtain a sufficient understanding of the business and internal control structure of the Authority to plan the audit. This will include management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and

- The internal controls put in place by management to address such risks.

The engagement team must undertake a documented planning process prior to commencement of the audit to identify concerns, address independence considerations, assess the engagement team requirements, and plan the audit work and timing. It may be necessary to contact members of the Board of Directors if significant matters arise from planning procedures.

An audit does not relieve management or those responsible for governance of their responsibilities for the preparation of the Authority's financial statements.

Board of Directors Members' Responsibilities

The Board of Directors's role is to act in an objective, independent capacity as a liaison between the auditor, management, and the board of directors to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The Board of Directors's responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;

- Meeting with the auditors as necessary and prior to release and approval of financial statements to review audit, disclosure and compliance issues;

- Where necessary, reviewing matters raised by the auditor with appropriate levels of management, and reporting back to the auditors their findings;

- Making known to the auditor any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or the Independent Auditors' Report;

- Providing guidance and direction to the auditor on any additional work the auditor feels should be undertaken in response to issues raised or concerns expressed;

- Making such enquiries as appropriate into the findings of the auditor with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls;

- Reviewing the draft financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approve same to be passed to directors for approval.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of South Nation River Conservation Authority is to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, will be limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts, fraud, intentional misstatements or errors should any exist. We will conduct the audit under CAS, which include procedures to consider (based on the control environment, governance structure and circumstances encountered during the audit), the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect of its consequences on the financial statements is material. However, should we become aware that an illegal or possible illegal act or an act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate this information directly to the Board of Directors.

It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or the Board of Directors becomes aware of circumstances under which the Authority may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

We will ensure that any related party transactions that are identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian public sector accounting standards, and have been reviewed with you. Management is required to advise us if any related party transactions have occurred that have not been disclosed to us. The Board of Directors is required to advise us if they are aware of or suspect any other related party transactions have occurred which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

The Authority's financial statements will be prepared by management using various accounting principles, which have been incorporated into the Authority's accounting policies and disclosed in the notes to the financial statements. Where accounting policies have changed from one period to the next, such changes will be noted and the effect of these changes will be disclosed.

The accounting policies adopted may be acceptable policies under Canadian public sector accounting standards; however, alternative policies may also be acceptable under Canadian public sector accounting standards. The Authority and the Board of Directors have a responsibility to not adopt extreme or inappropriate interpretations of Canadian public sector accounting standards that may have inappropriate or misleading results. Alternative policies, if adopted, may produce significant changes in the reported results of the operations, financial position and disclosures of the Authority.

The Board of Directors has a responsibility to review the accounting policies adopted by the Authority, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Board of Directors are concerned that the adoption or change of an accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and the auditors. If the Board of Directors believes that a policy or policies adopted are inappropriate or produce a misleading result in the circumstances, these concerns should be discussed with us directly, either privately or in Board of Directors meetings.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on higher risk areas that have a higher risk of being materially misstated.

Based on our knowledge of the Authority's business and our past experience, we have identified the following areas that have a potentially higher risk of a material misstatement.

1. Completeness of accounts payable and accrued liabilities
2. Completeness of deferred revenues
3. Occurrence of purchases and expenditures

Materiality

Materiality is defined as:

> *Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.*

We typically calculated materiality as 2% of total assets and performance materiality as 85% of materiality.

Materiality is used throughout the audit and in particular when:

(a) Identifying and assessing risk of material misstatement;

(b) Determining the nature, timing and extent of further audit procedures; and

(c) Evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming an opinion on the auditors' report.

Audit Procedures

The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

In response to our risk assessment and based on our understanding of internal controls, we will use a substantive approach for the audit.

In Closing

Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below.

Yours truly,

BAKER TILLY REO LLP

Benjamin Mann, CPA, CA
Partner
Phone: 613-774-9889

Acknowledgement of Board of Directors:

We have read and reviewed the above disclosures and understand and agree with the comments therein.
South Nation River Conservation Authority

Steve Densham, Chair	Signature	Date signed

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November 3, 2025

South Nation River Conservation Authority
38 Victoria Street
P.O. Box 29
Finch ON K0C 1K0

Dear Sirs and Mesdames

Baker Tilly REO LLP, the "Firm", is pleased to be appointed auditor of South Nation River Conservation Authority for the year ending December 31, 2025. The purpose of this letter is to outline the terms of our engagement to audit the financial statements of South Nation River Conservation Authority, which comprise the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

Objective, Scope and Limitations

Our function as auditor of South Nation River Conservation Authority is to report to the members by expressing an opinion on South Nation River Conservation Authority's annual financial statements. We will conduct our audit in accordance with Canadian generally accepted auditing standards and will issue an audit report.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to error or fraud.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

(a) Factors such as use of judgement, and the use of testing of the data underlying the financial statements;

(b) Inherent limitations of internal control; and

(c) The fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

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Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error, irregularities or illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

Our Responsibilities

We will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of South Nation River Conservation Authority without South Nation River Conservation Authority's prior consent, unless required to do so by legal, regulatory, administrative or other authority, or the Rules of Professional Conduct applicable to us.

We will communicate in writing to the Board Executive the relationships between our firm and South Nation River Conservation Authority, including related entities that, in our professional judgement, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to South Nation River Conservation Authority within the meaning of the applicable Provincial Rules of Professional Conduct and information on relevant safeguards designed to ensure the auditor's continued independence.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

(a) Misstatements, resulting from error, other than trivial errors;

(b) Fraud or any information obtained that indicates that a fraud may exist;

(c) Any evidence obtained that indicates that an illegal or possibly illegal act, other than one considered inconsequential, has occurred;

(d) Significant weaknesses in the design or implementation of internal control to prevent and detect fraud or error; and

(e) Related party transactions identified by us that are not in the normal course of operations and that involve significant judgements made by management concerning measurement or disclosure.

We may also communicate certain additional matters to the Board Executive and the appropriate members of management. Such matters include:

(a) our professional judgements on the qualitative aspects of accounting principles used in South Nation River Conservation Authority's financial reporting, including:

(i) the initial selection of and changes in significant accounting policies and their application, including the adoption of new accounting policies;

(ii) the effect of significant accounting policies in controversial and emerging areas, or those unique to your industry;

(iii) the existence of acceptable alternative policies and methods, and the acceptability of the particular policy or method used by management;

(iv) the issues involved, and related judgements made by management, in formulating particularly sensitive accounting estimates and disclosures and the basis for our conclusions regarding the reasonableness of those estimates in the context of the financial statements taken as a whole; and

(v) uncorrected misstatements aggregated by us during our audit that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as whole;

(b) any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in total could be significant to the financial statements or our report;

(c) our views about any matters that were the subject of management's consultation with other accountants about auditing and accounting matters;

(d) major issues that we discussed with management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards; and

(e) any serious difficulties that we encountered in dealing with management in the performance of the audit.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider South Nation River Conservation Authority's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

At the end of the engagement, we will provide management or others so designated with our recommendations designed to help make improvements in your internal control structure and operation. This communication will be in a mutually agreeable format and will include only those matters that came to our attention during our audit.

Form and Content of Audit Opinion

Unless unanticipated difficulties are encountered, our report will be substantially in the following form contained in Appendix A to this letter.

Management's Responsibilities

Our audit will be conducted on the basis that management *[and, where appropriate, those charged with governance]* acknowledge and understand that they are responsible for:

Financial Statements

a) The preparation and fair presentation of South Nation River Conservation Authority's financial statements in accordance with the Canadian public sector accounting standards (PSAS);

Completeness of information

b) Providing us with and making available complete financial records and related data, and copies of all minutes of meetings of the shareholders, directors and committees of directors;

c) Providing us with information relating to any known or probable instances of non compliance with legislative or regulatory requirements, including financial reporting requirements;

d) Providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;

e) Providing us with information regarding all related parties and related party transactions;

f) Any additional information that we may request from management for the purpose of this audit;

g) Providing us with unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence;

Fraud and error

h) Internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

i) An assessment of the risk that the financial statements may be materially misstated as a result of fraud;

j) Providing us with information relating to fraud or suspected fraud affecting the Authority involving:
   i) Management;
   ii) Employees who have significant roles in internal control; or
   iii) Others, where the fraud could have a non trivial effect on the financial statements;

k) Providing us with information relating to any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others;

l) Communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

m) Providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;

n) Providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;

o) Providing us with information relating to the measurement and disclosure of transactions with related parties;

p) Providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with Canadian public sector accounting standards (PSAS);

q) Providing us with information relating to claims and possible claims, whether or not they have been discussed with South Nation River Conservation Authority's legal counsel;

r) Providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which South Nation River Conservation Authority is contingently liable;

s) Providing us with information on whether South Nation River Conservation Authority has satisfactory title to assets, whether liens or encumbrances on assets exist, or assets are pledged as collateral;

t) Providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;

u) Providing us with information concerning subsequent events;

v) Providing us with representations on specific matters communicated to us during the engagement;

Written confirmation of significant representations

w) Providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
   i) Directly related to items that are material, either individually or in the aggregate, to the financial statements;
   ii) Not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the financial statements; and
   iii) Relevant to management's judgements or estimates that are material, either individually or in the aggregate, to the financial statements.

Professional team member matters

x) Not soliciting the staff of Baker Tilly REO LLP;

y) Providing appropriate work space and technical arrangements as appropriate including privacy and telephones; and

z) Ensure that the staff of Baker Tilly REO LLP are treated in a responsible and professional manner at all times, recognizing there is zero tolerance to inappropriate actions at any level.

Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of South Nation River Conservation Authority and those to whom our report is specifically addressed by us. We make no representations of any kind to any third party in respect of these financial statements, and we accept no responsibility for their use by any third party.

We ask that our name be used only with our consent and that any information to which we have attached a communication be issued with that communication, unless otherwise agreed to by us.

Fees at Regular Billing Rate

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct out-of-pocket expenses and applicable HST, and are due when rendered. Fees for any additional services will be established separately.

Although our services will be performed on behalf of the Authority, the members will assume personal liability for our fees incurred on this engagement and on future engagements.

Interest on Overdue Accounts

Our fees and costs will be billed monthly and are payable upon receipt. Invoices unpaid 30 days past the billing date may be deemed delinquent and are subject to an interest charge of 1.00% per month or 12.00% (APR) per annum. We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for our costs of collection, including lawyers' fees.

Costs of Responding to Government or Legal Processes

In the event we are required to respond to a subpoena, court order, government agency or other legal, regulatory, investigative, administrative or other process involving South Nation River Conservation Authority you agree to compensate us at our normal hourly rates for the time we reasonably expend in connection with such response, and to reimburse us for all of our out-of-pocket costs (including applicable HST) incurred.

Working Papers

The working papers, files, other materials, reports and work created, developed or performed by us during the course of the engagement are the property of Baker Tilly REO LLP, constitute confidential information and will be retained by us in accordance with our firm's policies and procedures.

Privacy

It is hereby acknowledged that in order to complete our engagement as auditor, we may be required to access or have access to personal information in your possession. Our services are provided based on the following:

a) You represent that before we access this personal information, you have obtained the necessary consents for the collection, use and disclosure of this personal information as required under the applicable privacy legislation; and

b) We will collect and utilize this personal information only for the purpose of completing this engagement. Any information collected will be subject to our Privacy Policy, which is available in hard copy from the privacy officer in our office, upon request.

File Inspections

In accordance with professional regulations (and by our firm's policy), our client files may be periodically reviewed by practice inspectors and by other engagement file reviewers to ensure that we are adhering to our professional and firm standards. File reviewers are required to maintain confidentiality of client information.

Internet Communications

During the engagement we may from time to time communicate with you electronically. However, as you are aware, the electronic transmission of information cannot be guaranteed to be secured or error free and such information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. We shall not have any liability to you arising from or in connection with the electronic communication of information to you during or as a result of its electronic transmission outside of the Firm's electronic environment. If the communication relates to a matter of significance and there are concerns about possible effects of electronic transmission a hard copy of such transmission should be requested from us.

Baker Tilly REO LLP has adopted the policy of corresponding by electronic mail ("e-mail") unless notified otherwise. If you specifically want us to never use e-mail in respect of correspondence on your file, please notify us in writing. Otherwise, we will assume that you have approved of our use of e-mail for communication purposes.

Limitation of Liability

You agree that any and all claims you may have against our Firm or its professional staff arising out of all services provided to South Nation River Conservation Authority by us, whether in contract, negligence, or otherwise known to law, shall be regarded as one claim and our liability to the Authority shall be limited to the lesser amount of $100,000 or the amount of our professional liability insurance in effect as at the date of the claim being made known to us and only to the extent that such insurance is available to satisfy any claim. If this limit of liability is insufficient for your purposes, we would be pleased to discuss with you a different limit that may result in our charging a higher fee.

You expressly agree that the Authority will not bring any proceedings in any court of any jurisdiction advancing any claim against our professional staff and employees.

You expressly agree that any liability our Firm may have to you shall not be joint and several with any other party, but shall be several, and limited to the percentage or degree of our fault in proportion to the fault or wrongdoing of all persons who contributed to the loss.

You expressly agree that any and all claims, whether in contract, negligence, or otherwise known to law arising out of our professional services under this engagement vest exclusively in South Nation River Conservation Authority, and you agree to wholly indemnify and hold harmless our Firm and its professional staff from any and all claims that may be brought against our Firm or its professional staff by any shareholder, director or officer of the Authority in any way arising out of or connected to our services provided to you.

You agree that our liability for all claims you may have or bring in connection with the professional services rendered arising out of or ancillary to this agreement shall absolutely cease to exist after a period of four years from the date of:

a) Performance of this engagement;

b) Delivery to the Authority of our Auditor's Report, your financial statements, or the completion of the preparation of any tax filing with any government authority;

c) Suspension or abandonment of this engagement; or

d) Termination of our services pursuant to this agreement,

whichever shall occur first, regardless of whether you were aware of the potential for making a claim against us within that period. Following the expiration of the aforesaid period, you agree that neither you, your agents or assigns shall make any claim or bring any proceeding against us.

Termination

If we elect to terminate our services for non-payment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all of our out of pocket costs, through the date of termination.

Should South Nation River Conservation Authority not fulfill its obligations toward the Firm under the agreement, particularly those set out under the heading "Management's Responsibilities", and in the event that South Nation River Conservation Authority fails to remedy such default within thirty days following receipt of a notice from the Firm to this effect, the Firm may, without prejudice to its other rights and recourses, and without any further notice, cease providing services hereunder and consider the present agreement terminated. In such case, the Firm will not be responsible for any loss, costs, expenses or damages resulting from such termination.

Term

The terms of our engagement outlined in this letter will be effective from year to year until amended or terminated in writing.

Reproduction of Auditor's Engagement Report

If reproduction or publication of our audit report (or reference to our report) is planned in an annual report or other document, including electronic filings or posting of the report on a website, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

Management is responsible for the accurate reproduction of the financial statements, the auditor's report and other related information contained in an annual report or other public document (electronic or paper-based). This includes any incorporation by reference to either full or summarized financial statements that we have audited.

We are not required to read the information contained in your website or to consider the consistency of other information on the electronic site with the original document.

At some future date you may wish or be required to include the financial statements referred to above and our report thereon in a filing with a securities commission or other securities regulatory authority, either in Canada or in a foreign jurisdiction (other than the required filing of the financial statements on SEDAR). This would include, but is not limited to, filings in connection with an initial registration of securities, a public offering and a take-over transaction or other business combination which would result in the Authority or another party being required to file the financial statements and our reports with such authorities. We will consider whether we will consent to the inclusion of our report in any such filing at that time, based on the particular circumstances. Because our consent is not automatic we ask that management notify us of any event which could give rise to the request for our consent as soon as practicable so that we can consider whether we will consent to the inclusion of our report in such documents and advise you accordingly.

Taxation Services

In addition to the audit services referred to above, we will prepare your federal and provincial income tax returns and perform other services. Management will provide the information necessary to complete these returns, which management will file with the appropriate authorities on a timely basis.

We frequently offer taxation advice and assistance to our clients. Any tax planning and advice of even the highest standard is based on interpretation of the law and experience with the taxation authorities. Therefore, the conclusions reached and views expressed are often matters of opinion rather than of certainty.

We will use our professional judgement in preparing your returns. Where tax law is unclear or there are conflicting interpretations of the law by tax authorities and courts, we will explain to you the possible positions that may be taken on your return. We will follow the position that you request so long as it is consistent with tax laws, regulations, and interpretations put forward by the tax authorities or courts. If the tax authorities should later challenge the position taken, there may be assessment of additional tax plus interest and penalties. We assume no liability for any such additional tax, interest or penalties. Management has final responsibility for the tax returns, therefore, you should review them carefully before you sign and file them.

We will provide additional tax services if specifically requested. Any such services will be subject to the terms and conditions herein except those specified services which are subject to a separate engagement letter.

It is our policy to put tax opinions and planning advice in writing. You should not rely on any opinion or advice that has not been confirmed in writing by our Firm.

Accounting Adjustments

During the course of our audit, financial statement misstatements may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. Management is responsible for recording such adjustments in the financial statements, or concluding that the effects of the unrecorded adjustments are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

Preparation of Schedules

We understand that you and/or your employees will prepare agreed upon schedules and will locate requested documents for our use at dates agreed upon prior to commencement of our audit. This assistance will facilitate our work and will help to minimize our costs. Any failure to provide these working papers or documents on a timely basis, may impede our services, and require us to suspend our services or withdraw from the engagement.

Other Services

If requested by you, we will, as allowed by the *Code of Professional Conduct /Code of Ethics*, prepare other special reports as required. Management will provide the information necessary to complete these reports and will file them with the appropriate authorities on a timely basis.

Timely Performance

The Firm will use all reasonable efforts to complete within any agreed upon time frame the performance of the services described in this engagement letter. However, the Firm shall not be liable for failures or delays in performance that arise from causes beyond its control, including the untimely performance by you of your obligations as set out above under the heading "Management's Responsibilities".

Indemnification

You hereby agree to release, indemnify and hold harmless the Firm and its partners, agents, officers and employees, from and against any and all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of:

a) a breach by South Nation River Conservation Authority, or its directors, officers, or employees, of any of the provisions herein;

b) any misrepresentation by your management; and

c) the services performed by us pursuant to this engagement,

unless, and to the extent that, such losses, costs, damages and expenses are found by a court to have been due to the negligence, willful misconduct or dishonesty of the Firm.

This release and indemnification will survive termination of this engagement letter.

Alliance of Independent Firms

We are a member of Baker Tilly Canada Cooperative, an association of independently owned and operated accounting firms in Canada some of which practice under a common name and that sponsor a number of programs to enhance the ability of the members to be of service to their respective clients nationally and internationally. The national association is not an accounting firm and our practice is not integrated with that of any of the other members. Baker Tilly is a registered trademark of the Baker Tilly Canada Cooperative used under license. We at the Firm are solely responsible for the professional engagement covered by this letter.

Baker Tilly Canada Cooperative is an independent member of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Neither Baker Tilly Canada Cooperative, nor Baker Tilly REO LLP are Baker Tilly International's agents and do not have authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Canada Cooperative, Baker Tilly REO LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under licence from Baker Tilly International Limited.

Governing Legislation

This engagement letter is subject to, and governed by, the laws of the Province of Ontario. The Province of Ontario will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this engagement letter and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts to claim that the action has been brought in an inappropriate forum or to claim that those courts do not have jurisdiction.

Conclusion

We are proud to serve as auditor of South Nation River Conservation Authority and we appreciate your confidence in our work. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable, please have one copy of this letter signed in the space provided below and return it to us.

Yours truly,

BAKER TILLY REO LLP

Baker Tilly REO LLP

Benjamin Mann, CPA, CA
Partner
Phone: 613-774-9889

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

Steve Densham, Chair	Johanna Barkley, Director of Finance
Date signed	Date signed

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Appendix A - Expected Form of Report

To the Members of South Nation River Conservation Authority

Opinion

We have audited the financial statements of South Nation River Conservation Authority (the Authority), which comprise the statement of financial position, statement of changes in net financial assets, statement of continuity of reserves, statement of operations and statement of 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 Authority as at December 31, 2025, and the results of its operations and cash flow for the period then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Authority in accordance with 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 PSAS, 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 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 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:

Appendix A *(continued)*

- 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 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 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 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.