

**Kawartha Region Conservation Authority**  
**Financial Statements**  
**For the year ended December 31, 2025**

# Kawartha Region Conservation Authority

## Financial Statements

For the year ended December 31, 2025

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### Management Responsibility for the Financial Statements

The accompanying financial statements of Kawartha Region Conservation Authority ( the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

The financial statements have been audited by Doane Grant Thornton LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Authority's financial statements.

4/10/2026

Date

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Pat Warren

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Chair

Pat Warren

4/8/2026

Date

Signed by:

Peter Franzen

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Vice-Chair

Peter Franzen

# Independent auditor's report

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**Doane Grant Thornton LLP**  
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To the Members of  
**Kawartha Region Conservation Authority**

## Opinion

We have audited the financial statements Kawartha Region Conservation Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kawartha Region Conservation Authority as at December 31, 2025, and the results of its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the 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.

## Other matter

The financial statements of the Authority were audited by another auditor for the year ended December 31, 2024, who expressed an unmodified opinion on those statements on May 22, 2025.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 a 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 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:

- 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.

*Doane Grant Thornton LLP*

Mississauga, Canada  
April 10, 2026

Chartered Professional Accountants  
Licensed Public Accountants

**Kawartha Region Conservation Authority**  
Statement of Financial position

December 31	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 2,855,464	\$ 3,343,656
Accounts receivable (Note 4)	638,756	299,429
	<b>3,494,220</b>	<b>3,643,085</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	356,317	526,760
Deferred revenue (Note 5)	852,520	753,762
Deferred revenue - source water protection (Note 5)	61,995	86,096
Deferred revenue - planning and regulation (Note 5)	452,026	541,090
Deferred capital contributions	36,083	47,164
	<b>1,758,941</b>	<b>1,954,872</b>
<b>Net financial assets</b>	<b>1,735,279</b>	<b>1,688,213</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	4,074,159	4,053,438
Prepaid expenses	124,113	40,516
	<b>4,198,272</b>	<b>4,093,954</b>
<b>Accumulated surplus (Note 9)</b>	<b>5,933,551</b>	<b>5,782,167</b>

**Contingent Liabilities (Note 12)**

**Approved by Board**

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	<div style="display: flex; align-items: center;"> <div style="margin-right: 5px; font-size: 0.8em;">385C0E33B40A4E3...</div> <div style="margin-right: 5px; font-size: 0.8em;">Signed by:</div> <div style="font-family: cursive; font-size: 1.2em; margin-right: 5px;">Peter Franzen</div> </div>	<b>Vice Chair</b>
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**Kawartha Region Conservation Authority**  
**Statement of Operations and Accumulated Surplus**

<b>December 31</b>	Budget 2025 (Note 2)	<b>2025</b>	2024
<b>Revenue</b>			
Municipal levies:			
General operating - Category 1	\$ 1,736,349	\$ <b>1,736,348</b>	\$ 1,654,218
General operating - Category 3	65,850	<b>80,195</b>	89,637
Special operating - Category 1	134,700	<b>69,348</b>	109,698
General benefitting - Category 1	40,600	<b>49,638</b>	19,361
General benefitting - Category 3	25,000	<b>17,925</b>	20,661
Special benefitting - Category 2	846,050	<b>708,735</b>	1,020,942
	<u>2,848,549</u>	<u><b>2,662,189</b></u>	<u>2,914,517</u>
Planning and development services (Schedule A)	609,200	<b>656,382</b>	469,375
Integrated watershed management (Schedule B)	25,400	<b>65,107</b>	71,955
Stewardship and conservation lands (Schedule C)	217,800	<b>101,478</b>	337,453
Corporate Services (Schedule D)	70,000	<b>95,586</b>	172,895
Special Project (Schedule E)	464,050	<b>556,541</b>	345,957
Capital contributions	-	<b>11,081</b>	53,236
	<u>4,234,999</u>	<u><b>4,148,364</b></u>	<u>4,365,388</u>
<b>Expenses</b>			
Planning and development services (Schedule A)	814,850	<b>856,575</b>	786,925
Integrated watershed management (Schedule B)	436,799	<b>469,994</b>	513,521
Stewardship and conservation lands (Schedule C)	526,950	<b>475,367</b>	552,728
Corporate Services (Schedule D)	991,000	<b>827,932</b>	765,284
Special Project (Schedule E)	1,510,400	<b>1,367,112</b>	1,462,581
	<u>4,279,999</u>	<u><b>3,996,980</b></u>	<u>4,081,039</u>
<b>Annual surplus (deficit)</b>	(45,000)	<b>151,384</b>	284,349
<b>Accumulated surplus, beginning of year</b>	<u>5,782,167</u>	<u><b>5,782,167</b></u>	<u>5,497,819</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 5,737,167</u>	<u>\$ <b>5,933,551</b></u>	<u>\$ 5,782,167</u>

**Kawartha Region Conservation Authority**  
**Statement of Changes in Net Financial Assets**

<b>For the year ended December 31</b>	Budget 2025 (Note 2)	<b>2025</b>	2024
<b>Annual surplus (deficit)</b>	\$ (45,000)	\$ <b>151,384</b>	\$ 284,349
<b>Acquisition of tangible capital assets</b>	-	<b>(117,703)</b>	(430,647)
<b>Amortization of tangible assets</b>	45,000	<b>96,983</b>	95,056
<b>Loss of disposal of tangible capital assets</b>	-	-	2,089
	-	<b>130,664</b>	(49,153)
<b>Change in prepaid expenses</b>	-	<b>(83,598)</b>	(12,325)
<b>Proceeds on disposal of tangible capital assets</b>	-	-	2,461
	-	<b>(83,598)</b>	(9,864)
<b>Change in net financial assets</b>	-	<b>47,066</b>	(59,017)
<b>Net financial assets, beginning of year</b>	1,688,213	<b>1,688,213</b>	1,747,230
<b>Net financial assets, end of year</b>	\$ 1,688,213	\$ <b>1,735,279</b>	\$ 1,688,213

**Kawartha Region Conservation Authority**  
**Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2025</b>	<b>2024</b>
<b>Operating Transactions</b>		
Annual surplus	\$ 151,384	\$ 284,350
Non-cash changes to operations:		
Amortization of Tangible capital assets	96,983	95,056
Loss of disposal of tangible capital assets	-	2,089
Changes in non-cash operating items:		
Accounts receivable	(339,327)	32,615
Prepaid expenses	(83,597)	(12,325)
Accounts payable and accrued liabilities	(170,443)	78,362
Deferred revenue	98,758	(386,291)
Deferred revenue-source water protection	(24,101)	10,497
Deferred revenue- planning and regulations	(89,064)	71,110
<b>Total Operating Transactions</b>	<b>(359,407)</b>	<b>175,464</b>
<b>Capital Transactions</b>		
Deferred capital contributions	(11,081)	(15,248)
Proceeds on disposal of tangible capital assets	-	2,461
Acquisition of tangible capital assets	(117,703)	(430,647)
<b>Total Capital Transactions</b>	<b>(128,784)</b>	<b>(443,434)</b>
<b>Decrease in Cash and cash equivalents</b>	<b>(488,192)</b>	<b>(267,970)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,343,656</b>	<b>3,611,626</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,855,464</b>	<b>\$ 3,343,656</b>
<b>Supplemental cash flow information:</b>		
Cash	\$ 2,798,465	\$ 3,288,081
Money market funds	56,999	55,575

**December 31 2025**

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## **1. Summary of Significant Accounting Policies**

### **Nature of the Authority**

Kawartha Region Conservation Authority (the "Authority") was established on October 31, 1979, in accordance with Section 3(1) of the Conservation Authorities Act of Ontario. The Authority is classified as a registered charity under the Income Tax Act (Canada) and as such, is not subject to income taxes provided certain disbursement requirements are met. The objective of the Authority, as stated by the Conservation Authorities Act R.S.O. 1990 is "to provide for the organization and delivery of programs and services that further the conservation, restoration, development, and management of natural resources in watersheds in Ontario".

### **Management Responsibility**

The financial statements of the Authority are the responsibility of management. They have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

### **Basis of Accounting**

Revenue and expenses are reported on the accrual basis of accounting whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Various revenue and expense items flow through the statement of operations based on their general nature in relation to operating activities. To the extent that these revenue and expense items relate to specific accumulated surplus balances, these items are reflected in Schedule F - Continuity of Accumulated Surplus.

A statement of remeasurement gains and losses is not presented as the Authority has no accumulated remeasurement gains or losses in the current or prior fiscal period.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term cashable investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value.

### **Tangible Capital Assets**

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all amounts directly attributable to acquisition, construction, development or betterment of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

**December 31 2025**

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**1. Summary of Significant Account policies (continued)**

Buildings	10-40 years
Conservation area improvements	10-50 years
Vehicles	10 years
Furniture and fixtures	7-10 years
Machinery and Equipment	5-10 years
Computers and computer software	3-10 years

Assets under construction are not amortized until the asset is available for productive use, at which time, they are capitalized.

Contributed Tangible Capital Assets

Tangible capital assets received as contributions are recorded at the fair value at the date of the receipt.

**Vacation pay in lieu time liabilities**

Vacation credits earned but not taken and lieu in time entitlements are accrued as earned. Vacation credits earned do not vest over time.

**Reserves**

Reserves are established under approval of the Kawartha Region Conservation Authority Board of Directors. The recommendation of reserves and appropriations fall under the authority of the CAO and the Director of Corporate Services. Increases or decreases in these reserves are made by appropriations to or from operations. Any use of funds from a reserve shall be authorized by the Board of Directors as outlined in procedure.

**Government transfers**

Government transfers and municipal levies are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Government transfers and municipal levies are recognized as deferred revenue when transfer stipulations give rise to a liability. Government transfers and municipal levies are recognized in the statement of operations as stipulation liabilities are settled.

**Restricted Revenue**

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified. Contributions relating to capital assets are deferred and amortized over the useful life of the related asset.

**December 31 2025**

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**1. Summary of Significant Account policies (continued)**

**Other Revenue**

Revenue from transactions with performance obligations is recognized when (at a point in time) or as (over a period of time) the organization satisfies the performance obligations, which occur when control of the benefits associated with the promised goods or services has passed to the payor.

Other Grants, donations and contributions, investment income and authority-generated revenue including permit fees are recognized when the related services are performed.

**Pension Plan**

The authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adapted defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee services.

**Use or Estimates**

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include accounts receivable, estimated provisions of accrued liabilities, the estimated useful lives of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimate as additional information becomes available in the future.

**Financial Instruments**

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value.

The Authority's financial assets comprise of cash and cash equivalents including investments which are recorded at fair value; and accounts receivable which are recorded at amortized cost. The Authority's financial liabilities comprise of accounts payable which is recorded at amortized cost.

**December 31 2025**

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**1. Summary of Significant Account policies (continued)**

**Asset Retirement Obligation**

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the assets retirement costs are expensed.

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**2. Budget Figures**

The budget figures presented in the statements of operations and change in net financial assets represent the 2025 budget adopted by the Board on January 30, 2025.

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**3. Cash and Cash Equivalents**

As at year end, the Authority held \$ 56,999 (2024 - \$55,575) in money market funds with a fair value of \$56,999 (2024 - \$55,575).

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**4. Accounts Receivable**

	<u>2025</u>	<u>2024</u>
Municipal Levies	\$ 237,085	\$ 48,196
HST receivable	79,471	100,985
Other	322,200	150,248
	<u>\$ 638,756</u>	<u>\$ 299,429</u>

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**December 31 2025**

**5. Deferred Revenue**

Revenue received but not earned at year end is as follows:

<b>Deferred Revenue</b>	<b>2025</b>	<b>2024</b>
<b>Government Funding - Special Benefitting Projects:</b>		
Durham - Plan Implementation	\$ 117,111	\$ 112,114
Durham- East Cross Forest	203,189	164,237
CKL- Lake Dalrymple	24,904	24,904
CKL- Plan Implementation	255,203	307,243
<b>Government Funding - Special Joint Benefitting Capital Projects:</b>		
City of Kawartha Lakes and Durham Region	14,014	144
<b>Government Funding - Other Deferred Projects:</b>		
Digitization of Corporate Records	484	24,509
Environmental Monitoring Strategy Implementation	9,397	4,891
Climate Change	9,553	-
Levy Stability	7,429	7,429
Category 3 deferred	-	14,354
<b>Other Deferred projects:</b>		
Grants and Self-Generated	142,338	93,936
ALUS Project	68,898	-
	\$ 852,520	\$ 753,762
<b>Deferred Revenue - Source Water Protection</b>		
	<b>2025</b>	<b>2024</b>
Government Funding - Source Water Protection Program	\$ 61,995	\$ 86,096
<b>Deferred Revenue - Planning and Regulation</b>		
	<b>2025</b>	<b>2024</b>
Section 28 Regulations - Large Scale Fill	\$ 272,275	\$ 272,275
Planning and Subdivision Applications	148,044	268,815
Permits	31,708	-
	\$ 452,026	\$ 541,090

December 31 2025

**6. Tangible Capital Assets**

	<b>2025</b>						
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	Total
<b>Cost</b>							
Opening Balance	\$ 2,912,410	\$ 416,431	\$ 1,222,569	\$ 132,162	\$ 492,456	\$ 105,569	\$ 5,281,597
Add; Additions during the year	-	41,721	9,331	10,352	56,299	-	117,703
Add: transfer	-	-	-	-	-	-	-
Less; Disposal during the year	-	-	-	-	-	-	-
Balance end of year	<b>2,912,410</b>	<b>458,152</b>	<b>1,231,900</b>	<b>142,514</b>	<b>548,755</b>	<b>105,569</b>	<b>5,399,300</b>
<b>Accumulated Amortization</b>							
Opening Balance	-	246,210	547,147	87,225	244,013	103,564	\$ 1,228,159
Add; Amortization during the year	-	15,012	31,683	8,203	41,471	614	96,983
Less: Amortization on disposal	-	-	-	-	-	-	-
Balance, end of year	-	<b>261,222</b>	<b>578,830</b>	<b>95,428</b>	<b>285,484</b>	<b>104,178</b>	<b>1,325,142</b>
<b>Net book value of tangible capital assets</b>	<b>\$ 2,912,410</b>	<b>\$ 196,930</b>	<b>\$ 653,070</b>	<b>\$ 47,086</b>	<b>\$ 263,271</b>	<b>\$ 1,392</b>	<b>\$ 4,074,159</b>

	<b>2024</b>						
	Land and Land Custodianship	Conservation Area Improvements	Buildings	Vehicles	Machinery and Equipment	Furniture and Fixtures	Total
<b>Cost</b>							
Opening Balance	\$ 2,636,413	\$ 416,431	\$ 1,216,504	\$ 134,249	\$ 418,925	\$ 105,569	\$ 4,928,091
Add; Additions during the year	275,997	-	6,065	29,552	119,032	-	430,646
Add: transfer	-	-	-	-	-	-	-
Less; Disposal during the year	-	-	-	31,639	45,501	-	77,140
Balance end of year	<b>2,912,410</b>	<b>416,431</b>	<b>1,222,569</b>	<b>132,162</b>	<b>492,456</b>	<b>105,569</b>	<b>5,281,597</b>
<b>Accumulated Amortization</b>							
Opening Balance	-	232,565	515,845	110,860	243,473	102,950	\$ 1,205,693
Add; Amortization during the year	-	13,645	31,302	8,004	41,491	614	95,056
Less: Amortization on disposal	-	-	-	(31,639)	(40,951)	-	(72,590)
Balance, end of year	-	<b>246,210</b>	<b>547,147</b>	<b>87,225</b>	<b>244,013</b>	<b>103,564</b>	<b>1,228,159</b>
<b>Net book value of tangible capital assets</b>	<b>\$ 2,912,410</b>	<b>\$ 170,221</b>	<b>\$ 675,422</b>	<b>\$ 44,937</b>	<b>\$ 248,443</b>	<b>\$ 2,005</b>	<b>\$ 4,053,438</b>

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**Kawartha Region Conservation Authority**  
**Notes to the Financial Statements**

**December 31 2025**

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**7. Credit Facility**

The Authority has a \$350,000 revolving line of credit held with Royal Bank of Canada at prime plus 0% interest. As at December 31, 2025, no amount has been drawn (2024-\$Nil).

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**8. Related Entity**

Kawartha Conservation Foundation is a registered charitable organization whose mission is to support the vision and mandate of the Authority, by raising funds and promoting awareness to the community to restore and sustain a healthy environment for future generations.

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**9. Accumulated Surplus**

Accumulated surplus consists of the following:

	<u>2025</u>	<u>2024</u>
<b>Surpluses</b>		
Internal 'current' and 'capital funds - Unrestricted	\$ 1,656,138	\$ 1,533,161
Invested in tangible capital assets	4,038,076	4,006,274
Internally restricted reserve	<u>239,337</u>	<u>242,733</u>
<b>Accumulated surplus</b>	<u>\$ 5,933,551</u>	<u>\$ 5,782,168</u>

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**Kawartha Region Conservation Authority****Notes to the Financial Statements****December 31 2025**

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**10. Expenses by Object**

	<u>2025</u>	<u>2024</u>
Amortization	\$ 96,983	\$ 95,056
Consulting and other professional fees	110,926	234,450
Grants	71,130	56,902
Insurance	69,225	61,374
Interest and bank charges	3,625	2,573
Office	132,007	149,769
Program related	521,364	502,625
Repairs and maintenance	112,787	81,872
Training	17,721	25,849
Utilities and property taxes	44,850	37,507
Vehicle and travel	41,414	57,002
Wages and benefits	2,774,948	2,776,060
	<u>\$ 3,996,980</u>	<u>\$ 4,081,039</u>

**11. Pension Plan**

The Authority makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all full-time members of its staff. The plan is a defined benefit plan, which specifies that the amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including the investment of assets and administration of benefits. OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed that total actuarial liabilities of \$151.6 billion in respect of benefits accrued for services with actuarial assets at that date of \$145.5 billion indicating an actuarial deficit of \$4.7 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Authority to OMERS for 2025 were \$184,418 (2024 - \$193,731).

**12. Contingent Liabilities**

The Authority, as is common with all regulatory agencies, may be subject to appeals and lawsuits in regard to decisions rendered. Legal defense costs are accrued when such an action commences but damages and penalties are only accrued when action is considered to be of reasonable merit.

There are no unresolved legal claims outstanding against the Authority as at December 31, 2025.

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**December 31 2025**

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### **13. Financial Instruments Risks**

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Authority's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Authority's receivables are from government resources.

There has been no change to this risk from the prior year.

#### **Liquidity risk**

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Authority will not have sufficient funds to settle a transaction on the due date. The Authority is exposed to this risk mainly in respect to its accounts payable. The Authority mitigates this risk by ensuring that it always has sufficient cash to allow it to meet its liabilities when they become due.

There has been no change to this risk from the prior year.

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### **14. Comparative Figures**

Certain comparative figures have been reclassified to conform with current year presentation.

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**December 31 2025**

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**15. Categories of Programs and Programs Information****Category 1: Mandatory Programs and Services**

These programs are required under Ontario Regulation 686/21 and include activities like managing natural hazards, conserving lands owned by Kawartha Conservation, and implementing source protection responsibilities under the Clean Water Act. They also cover duties related to provincial groundwater and stream monitoring programs. These essential services are funded using municipal levies or agreements and ensure compliance with provincial mandates.

**Category 2: Municipal Programs and Services**

Programs in this category are designed to address specific priorities or challenges identified by municipal partners. These services, funded through municipal agreements, often focus on unique local needs like lake management, Risk Management Official services, stormwater management, or other tailored initiatives. Municipal programs leverage funding partnerships and deliver measurable benefits to participating municipalities.

**Category 3: Other Programs and Services**

These programs support broader conservation goals beyond provincial and municipal requirements. They include initiatives like community engagement, education programs, and local environmental monitoring. Funded through municipal levies or external agreements these, programs help enhance the overall health and sustainability of the watershed.

**General Operating Expense or Capital Cost**

General operating expense or capital cost refers to any operating or capital expense that is not directly associated with delivering a specific program or service provided by an authority.

Certain allocation methodologies are employed in the preparation of program financial information. Municipal levies, grants and other revenue are allocated to the specific program or services they relate to. Expense allocations are both internal and external. Activity based costing is used to allocate internal support costs to departments. These costs include the net expenditures for departments, such as human resources, information systems, finance and others, commonly referred to as overhead. The Authority allocated its activities into five main program areas which are reported in the accompanying supplementary schedules to the financial statements.

**Planning and Development Services**

This department is responsible for planning, permitting, and enforcement. Planning and Development Services fulfills the delegated responsibility of commenting on behalf of the Province of Ontario on planning matters related to natural hazards, administers Section 28 Regulation of the Conservation Authorities Act, Ontario Regulation 182/06 and ensures compliance of development activities impacting natural regulated features within the watershed.

**Integrated Watershed Management**

This department's primary responsibilities include protecting people and property across the watershed from flooding, developing and implementing watershed management plans, monitoring water quality and quantity, conducting research and assessments and supporting our stakeholders and partners by providing environmental spatial information to assist with decision making.

The department works closely with municipalities to provide technical expertise and advice on issues related to climate change, stormwater management, watershed planning and other technical information. The objective of the Integrated Watershed Management department at the Authority is to maintain health and sustainability of the region's watersheds for the benefit of both the environment and the community.

**December 31 2025**

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**15. Categories of Programs and Programs Information** (continued)**Stewardship and Conservation Lands**

The Authority owns and manages over 1,300 hectares of Conservation Lands with visitors including the general public, schools, special interest groups, and tourists. This department is responsible for supporting the advancement of the Conservation Lands programs including property maintenance, trail management and development, invasive species control, infrastructure improvements, and contributing to the strategic goals and advancement of the department.

Stewardship initiatives are primarily supported through special projects within the City of Kawartha Lakes and Region of Durham through Special Projects.

**Corporate Services**

Corporate Services support each of the departments and the organization as a whole by providing administrative support, coordination, policy development and implementation, program direction and development, strategic and business planning and Board support including agendas and minutes. Corporate Services is responsible for Finance, Human Resources, Health & Safety, Asset Management, Information Technology, Records Management and Corporate Communications.

**Special Projects**

Special benefitting projects are designed to meet the needs or concerns of a specific municipality, and thus directly benefit the individual municipality. The benefitting municipality funds the projects entirely or in apportionment with another benefitting municipality. Special projects include development and implementation of Lake Management Plans, updates to our watershed plans in the Region of Durham, floodplain mapping and tree planting initiatives. General benefitting projects have a watershed wide benefit and the levy is shared by the municipal partners on the same apportionment percentage as the operating levy. General projects include implementation of our 10-year Environmental Strategy, the implementation of our 10-year Asset Management Plan Strategy, and Climate Change Strategy.

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**Kawartha Region Conservation Authority**  
**Planning and Development Services**  
Schedule A

For the year ended December 31, 2025 with comparative information for 2024

	Budget 2025 (Note 2)	<b>2025</b>	2024
<b>Revenue</b>			
Planning and Permitting Fees- Category 1	\$ 457,500	<b>\$ 544,384</b>	\$ 371,608
Large Scale Fill Permits - Category 1	10,000	<b>5,000</b>	12,001
Drinking Water Source Protection - Category 1	81,700	<b>86,475</b>	48,385
MOU, Flood Plain Mapping - Category 2	-	-	3,696
Municipal Agreement, Risk Management Official- Category 2	60,000	<b>20,523</b>	33,686
<b>Total Program Generated Revenue</b>	609,200	<b>656,382</b>	469,376
Municipal Levy, General Operating - Category 1	205,650	<b>205,650</b>	202,150
<b>Total Revenue</b>	814,850	<b>862,032</b>	671,526
<b>Expenses</b>			
Planning and development services	316,300	<b>394,050</b>	320,546
Regulation and Enforcement - Category 1	346,850	<b>355,527</b>	382,707
Drinking Water Protection- Category 1	81,700	<b>86,475</b>	44,256
MOU, Flood Plain Mapping- Category 2	-	-	3,696
Clean Water Act Enforcement - Category 2	60,000	<b>20,523</b>	33,686
Large Scale Fill- Category 1	10,000	-	2,034
<b>Total Expenses</b>	814,850	<b>856,575</b>	786,925
<b>Net Surplus (Deficit) for the Year</b>	<b>\$ -</b>	<b>\$ 5,457</b>	<b>\$ (115,399)</b>

**Kawartha Region Conservation Authority**  
**Integrated Watershed Management**  
**Schedule B**

For the year ended December 31, 2025 with comparative information for 2024

	Budget 2025 (Note 2)	2025	2024
<b>Revenue</b>			
Fee for Service	\$ 800	\$ 1,830	\$ 668
Grants and Donations	-	5,553	2,725
Innovation Hub- Category 3	-	33,084	39,630
MNFR Transfer Payment - Category 1	24,600	24,640	24,640
Education - Category 1	-	-	4,292
<b>Total Program Generated Revenue</b>	<b>25,400</b>	<b>65,107</b>	<b>71,955</b>
Municipal Levy- Category 1	356,899	359,399	360,950
Municipal Levy- Category 3	52,000	52,000	45,887
<b>Total Revenue</b>	<b>434,299</b>	<b>476,506</b>	<b>478,792</b>
<b>Expenses</b>			
Integrated Watershed Management - Category 1	226,549	67,785	77,918
Flood and Water Level Monitoring - Category 1	-	-	18,859
Provincial Water Quality & Quality Monitoring - Category 1	55,150	106,537	38,816
Local Environment Monitoring - Category 3	52,300	187,161	183,430
Innovation Hub - Category 3	-	32,567	38,947
Watershed Resource Management Strategy- Category 1	100,300	75,944	151,012
Watershed Resource Management Strategy-Non-Mandatory - Category 3	-	-	4,539
<b>Total Expenses</b>	<b>434,299</b>	<b>469,994</b>	<b>513,521</b>
<b>Net Surplus (Deficit) for the Year</b>	<b>\$ -</b>	<b>\$ 6,512</b>	<b>-\$ 34,729</b>

**Kawartha Region Conservation Authority**  
**Stewardship and Conservation Lands**  
**Schedule C**

For the year ended December 31, 2025 with comparative information for 2024

	Budget 2025 (Note 2)	2025	2024
<b>Revenue</b>			
Conservation Areas - Category 1	\$ 61,850	\$ 43,066	\$ 55,947
Donations	135,950	4,797	251,552
Education - Category 3	-	7,731	7,450
Grants	20,000	15,558	7,275
Restoration Management - Category 3	-	13,361	9,300
Events- Category 3	-	16,965	5,929
<b>Total Program Generated Revenue</b>	217,800	101,478	337,453
Municipal Levy- Category 1	295,300	295,300	272,400
Municipal Levy- Category 3	13,850	28,195	43,750
<b>Total Revenue</b>	526,950	424,973	653,603
<b>Expenses</b>			
Land Management & Support - Category 1	377,150	406,060	419,445
Education Program - Category 3	13,850	6,838	933
Events- Category 3	117,800	53,219	100,623
Fleetwood Creek Natural Area - Category 3	8,850	8,741	13,616
Education program- Category 1	-	-	13,379
Habitat Comp. Program- Category 3	9,300	509	4,732
<b>Total Expenses</b>	526,950	475,367	552,728
<b>Net (Deficit) Surplus for the Year</b>	\$ -	\$ (50,394.00)	\$ 100,875

**Kawartha Region Conservation Authority**  
**Corporate Services**  
**Schedule D**

For the year ended December 31, 2025 with comparative information for 2024

	Budget 2025 (Note 2)	2025	2024
<b>Revenue</b>			
Donations	\$ -	\$ 1,138	\$ 1,786
Grants and Other Revenue	-	4,999	8,622
Investment Income	70,000	89,449	162,486
<b>Total Program Generated Revenue</b>	70,000	95,586	172,894
Municipal Levy- General Operating - Category 1	876,000	876,000	818,718
Capital Levy Contribution	-	-	-
<b>Total Revenue</b>	946,000	971,586	991,612
<b>Expenses</b>			
Amortization	70,000	96,983	95,056
Communication	-	133,860	57,087
Corporate Services - Category 1	946,000	601,092	594,436
(Gain)/loss on Disposal of TCA	-	-	2,088
Internal Recovery- vehicle & Equipment Pool	(25,000)	(4,003)	16,617
<b>Total Expenses</b>	991,000	827,932	765,284
<b>Net Surplus (Deficit) for the Year</b>	\$ (45,000)	\$ 143,654	\$ 226,328

**Kawartha Region Conservation Authority**  
**Special projects**  
Schedule E

For the year ended December 31, 2025 with comparative information for 2024

	Budget		
	2025 (Note 2)	2025	2024
<b>Revenue</b>			
Municipal Agreements	\$ 64,450	\$ 78,567	\$ 9,000
Grants and Other - Category 2	317,300	381,763	220,547
Product Sales - Category 2	65,000	20,154	36,137
Fee for Service- Category 2	17,300	76,057	80,274
<b>Total Program Generated Revenue</b>	<b>464,050</b>	<b>556,541</b>	<b>345,958</b>
Municipal Levy- Category 1, Special Benefitting	134,700	69,348	109,698
Municipal Levy- Category 1, General Benefitting	-	49,638	19,361
Municipal Levy- Category 3, General Benefitting	-	17,925	20,661
Municipal Levy- Category 2, Special Benefitting	846,050	708,735	1,020,942
<b>Total Revenue</b>	<b>\$ 1,444,800</b>	<b>\$ 1,402,187</b>	<b>\$ 1,516,620</b>
<b>Expenses</b>			
Region of Durham, Lake Management Implementation Stewardship - Category 2	\$ 68,850	\$ 74,360	\$ 55,156
Region of Durham, Lake Management Implementation Science Category 2	83,400	81,391	117,401
Region of Durham, Watershed Planning - Category 2	30,400	29,961	29,072
City of Kawartha Lakes, Lake Dalrymple Management Plan - Category 2	-	-	68,672
City of Kawartha Lakes, Lake Management Implementation Stewardship - Category 2	351,250	414,411	373,072
City of Kawartha Lakes, Lake Management Implementation Science - Category 2	239,750	193,973	222,148
Trent Lakes - Flood Plain Mapping - Category 2	-	-	179,287
Joint Project, Forestry and Tree Planting Stewardship - Category 2	290,850	161,787	244,448
Durham LSEP- Category 2	71,300	10,670	28,697
Digitization Project - Category 1	-	24,038	19,361
Monitoring Strategy - Category 3	25,000	10	3,918
Climate Change- general benefitting - Category 1	15,000	-	-
Asset Management Plan- general benefitting - Category 1	25,600	-	-
City of Kawartha Lakes, Flood Plain Map, Category 2	-	121,377	-
Lake Health Monitoring Category 2	95,700	88,440	-
Durham ECF - Category 1	213,300	166,693	121,349
<b>Total Expenses</b>	<b>\$ 1,510,400</b>	<b>\$ 1,367,112</b>	<b>\$ 1,462,581</b>
<b>Net Surplus for the Year</b>	<b>\$ -</b>	<b>\$ 35,075</b>	<b>\$ 54,039</b>

**Kawartha Region Conservation Authority**  
**Continuity of Accumulated Surplus**  
**Schedule F**

**For the year ended December 31, 2025 with comparative information for 2024**

<b>2025</b>	<b>Balance December 31, 2024</b>	<b>Appropriation (to) from Operations</b>	<b>Additions</b>	<b>Balance, December 31, 2025</b>
Unrestricted	\$ 881,040	\$ 122,978	\$ -	\$ 1,004,018
Capital Assets Acquisitions	538,765	-	-	538,765
Conservation Initiatives	113,355	-	-	113,355
	<u>1,533,160</u>	<u>122,978</u>	<u>-</u>	<u>1,656,138</u>
<b>Internally Restricted</b>				
Durham East Cross Forest Conservation Area	11,029	-	-	11,029
Windy Ridge Conservation Area	18,496	(3,396)	-	15,100
Ken Reid Conservation Area	89,450	-	-	89,450
Scugog land Acquisitions	123,758	-	-	123,758
	<u>242,733</u>	<u>(3,396)</u>	<u>-</u>	<u>239,337</u>
Capital Reserves	<u>4,006,274</u>	<u>31,802</u>	<u>-</u>	<u>4,038,076</u>
	<u>\$ 5,782,167</u>	<u>\$ 151,384</u>	<u>\$ -</u>	<u>\$ 5,933,551</u>

<b>2024</b>	<b>Balance December 31, 2023</b>	<b>Appropriation (to) from Operations</b>	<b>Additions</b>	<b>Balance, December 31, 2024</b>
Unrestricted	\$ 908,439	\$ (27,399)	\$ -	\$ 881,040
Capital Assets Acquisitions	538,765	-	-	538,765
Conservation Initiatives	113,355	-	-	113,355
<b>Internally Restricted</b>				
Durham East Cross Forest Conservation Area	39,600	(28,571)	-	11,029
Windy Ridge Conservation Area	22,038	(3,542)	-	18,496
Ken Reid Conservation Area	89,450	-	-	89,450
Scugog land Acquisitions	126,185	(2,427)	-	123,758
	<u>1,837,832</u>	<u>(61,939)</u>	<u>-</u>	<u>1,775,893</u>
Capital Reserves	<u>3,659,986</u>	<u>346,288</u>	<u>-</u>	<u>4,006,274</u>
	<u>\$ 5,497,818</u>	<u>\$ 284,349</u>	<u>\$ -</u>	<u>\$ 5,782,167</u>