

Central Lake Ontario Conservation Authority
Non-Consolidated Financial Statements
For the year ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Central Lake Ontario 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.

Members meet with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada 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.



Chair
Bob Chapman



Director



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Independent Auditor's Report

To the Members of Central Lake Ontario Conservation Authority

Qualified Opinion

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

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Authority as at December 31, 2025, and its non-consolidated results of operations, non-consolidated changes in net financial assets and its non-consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As explained in Note 9 to the non-consolidated financial statements, the Authority exercises control over Central Lake Ontario Conservation Fund. These financial statements have been prepared on a non-consolidated basis, which constitutes a departure from Canadian public sector accounting standards. This is a result of a decision taken by management in a prior year. If these financial statements had been prepared on a consolidated basis, cash would have been increased by \$2,315,043 (2024 - \$2,404,240), accounts receivable would have been increased by \$20,889 (2024- \$87), investments would have increased by \$500,000 (2024 - \$Nil), accounts payable would have been increased by \$7,733 (2024 - \$15,564), deferred revenue would have been increased by \$23,322 (2024 - \$23,301), deferred contributions would have been increased by \$1,325,922 (2024 - \$882,200), accumulated surplus would have been increased by \$1,478,955 (2024 - \$1,483,262), revenue would have been increased by \$93,305 (2024 - \$100,750) and expenses would have been increased by \$97,612 (2024 - \$100,747). Our opinion on the non-consolidated financial statements for the year ended December 31, 2024 was modified accordingly because of the effects of this departure from Canadian public sector accounting standards.

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 non-consolidated Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 19, 2026

**Central Lake Ontario Conservation Authority
Non-Consolidated Statement of Financial Position**

December 31	2025	2024
Financial assets		
Cash and temporary investments (Note 2)	\$ 8,354,859	\$ 5,140,557
Short-term investments (Note 2)	2,000,000	3,870,569
Accounts receivable		
Government grants and projects	688,708	561,548
Other	397,281	391,902
	<u>11,440,848</u>	<u>9,964,576</u>
Liabilities		
Accounts payable and accrued liabilities	816,282	615,452
Deferred revenue (Note 3)	2,229,338	1,700,620
Employee future benefits payable (Note 4)	920,335	905,135
Vacation pay liability	181,996	171,996
Sick leave entitlements (Note 5)	362,722	364,222
	<u>4,510,673</u>	<u>3,757,425</u>
Net Financial Assets	<u>6,930,175</u>	<u>6,207,151</u>
Non-financial assets		
Prepaid expenses	90,690	106,473
Tangible capital assets (Note 11)	34,578,999	34,749,021
Construction in progress	18,961	21,404
	<u>34,688,650</u>	<u>34,876,898</u>
Accumulated surplus (Note 6)	<u>\$ 41,618,825</u>	<u>\$ 41,084,049</u>

Proposed Legislative Changes (Note 10)

On behalf of the Board:

 _____	Director
 _____	Director

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Operations

For the year ended December 31	2025 Budget (Note 7)	2025 Actual	2024 Actual
Revenue			
Government grants			
Municipal levy	\$ 4,735,745	\$ 4,735,745	\$ 4,620,240
Special regional levy	460,000	376,960	1,225,974
Federal	1,406,205	1,039,638	294,610
Transfer payments	64,445	64,445	64,445
Other grants	43,700	133,632	62,924
Provincial other	34,080	137,894	43,906
Authority generated	4,764,640	4,483,624	5,738,949
Gain on disposition of tangible capital assets	-	17,333	6,380
	<u>11,508,815</u>	<u>10,989,271</u>	<u>12,057,428</u>
Expenses (Note 12)			
C.A. land management	1,463,755	1,692,957	1,548,969
Environmental plan review and regulations	2,070,480	2,045,764	2,500,857
Corporate services	2,190,135	2,281,942	2,239,858
Watershed management and monitoring	3,595,905	2,729,330	1,683,822
Oak Ridges Moraine Groundwater Program	1,037,650	1,060,874	990,813
Community engagement	612,890	643,628	591,257
	<u>10,970,815</u>	<u>10,454,495</u>	<u>9,555,576</u>
Annual surplus	<u>\$ 538,000</u>	<u>\$ 534,776</u>	<u>\$ 2,501,852</u>
Accumulated surplus, beginning of year		<u>\$ 41,084,049</u>	<u>\$ 38,582,197</u>
Accumulated surplus, end of year		<u>\$ 41,618,825</u>	<u>\$ 41,084,049</u>

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority
Non-Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2025	2025	2024
	Budget (Note 7)	Actual	Actual
Annual Surplus	\$ 538,000	\$ 534,776	\$ 2,501,852
Acquisition of tangible capital assets	(538,000)	(340,381)	(2,767,288)
Amortization	-	505,781	491,808
Proceeds on disposal of tangible capital assets	-	21,955	6,658
Gain on disposition of tangible capital assets	-	(17,333)	(6,380)
Construction in progress	-	2,443	12,390
	(538,000)	172,465	(2,262,812)
Change in prepaid expenses	-	15,783	(24,819)
Change in net financial assets	-	723,024	214,221
Net financial assets, beginning of year	6,207,151	6,207,151	5,992,930
Net financial assets, end of year	\$ 6,207,151	\$ 6,930,175	\$ 6,207,151

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority Non-Consolidated Statement of Cash Flows

For the year ended December 31	2025	2024
Cash provided by (used in)		
Cash flows from operating activities		
Annual surplus	\$ 534,776	\$ 2,501,852
Items not involving cash		
Amortization	505,781	491,808
Gain on disposition of tangible capital assets	(17,333)	(6,380)
Changes in non-cash operating balances		
Accounts receivable		
Government grants and projects	(127,160)	424,878
Other	(5,379)	(116,077)
Prepaid expenses	15,783	(24,819)
Accounts payable and accrued liabilities	200,830	10,544
Deferred revenue	528,718	89,958
Employee future benefits payable	15,200	24,400
Vacation pay liability	10,000	47,413
Sick leave entitlements	(1,500)	(700)
	1,659,716	3,442,877
Capital transactions		
Acquisition of tangible capital assets	(340,381)	(2,767,288)
Proceeds on disposition of tangible capital assets	21,955	6,658
Construction in progress	2,443	12,390
	(315,983)	(2,748,240)
Cash flows from investing activity		
Redemption of investments	3,870,569	2,260,699
Purchase of investments	(2,000,000)	(3,870,569)
	1,870,569	(1,609,870)
Net change in cash and temporary investments	3,214,302	(915,233)
Cash and temporary investments, beginning of year	5,140,557	6,055,790
Cash and temporary investments, end of year	\$ 8,354,859	\$ 5,140,557
Represented by:		
Cash	\$ 7,354,859	\$ 2,140,557
Temporary investments with maturities of three months or less (Note 1)	1,000,000	3,000,000
	\$ 8,354,859	\$ 5,140,557

The accompanying notes are an integral part of these non-consolidated financial statements.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies

Management Responsibility and Basis of Presentation

The non-consolidated financial statements of the entity are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.

Nature of Business

Central Lake Ontario Conservation Authority was established on July 17, 1958 by Order-in-Council No. 2389/58 in accordance with the Conservation Authorities Act of Ontario. The objects of the Authority as stated by the Conservation Authorities Act R.S.O. 1990 are "to establish and undertake, in the area over which it has jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals".

Cash and temporary investments

Cash and temporary investments consist of cash on hand, bank balances and investments in commercial paper from chartered banks with maturities of three months or less.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of tangible capital assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset as follows:

Land improvements	5 - 50 years
Building and building improvements	5 - 50 years
Infrastructure	8 - 50 years
Machinery and equipment	3 - 25 years
Computer hardware and software	3 - 10 years
Vehicles	5 - 15 years
Furniture and fixtures	10 years

Central Lake Ontario Conservation Authority

Notes to Non-Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Financial Instruments

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

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

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 cost. Transaction costs are expensed for financial instruments measured at fair value.

The Authority's financial assets comprise of cash and temporary investments 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 and accrued liabilities which are recorded at amortized cost.

Reserves

Certain amounts, as approved by the Board of Directors, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective reserve when approved.

Revenue Recognition

Municipal revenues are recognized in the year they are levied to member municipalities. 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 occurs 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.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Government Transfers	Government transfers 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Use of Estimates	The preparation of non-consolidated 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, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. The principal estimates and judgments used in the preparation of these non-consolidated financial statements are the estimated useful life of tangible capital assets, impairment of tangible capital assets, accrued liabilities and the estimates involved in employee future benefits and sick leave entitlements. Actual results could differ from management's best estimates as additional information becomes available in the future.
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 or the discount rate. Upon the initial measurement of an asset retirement 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 asset retirement costs are expensed.

Central Lake Ontario Conservation Authority

Notes to Non-Consolidated Financial Statements

December 31, 2025

1. Significant Accounting Policies (continued)

Employee Future Benefits

The Authority provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance and health care benefits for retirees. The Authority has adopted the following policies with respect to accounting for these employee benefits:

(i) The costs of employee future benefit plans are actuarially determined using their professional estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

For employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health benefits for retirees, the cost is actuarially determined using the projected benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

(ii) 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 adopted defined contribution plan accounting principles for this 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 service.

2. Investments

Temporary investments are comprised of a Guaranteed Investment Certificate from a chartered bank with an effective interest rate of 2.04% which matures in less than three months from year end.

Short-term investments are comprised of a Guaranteed Investment Certificate held at December 31, 2025 from a chartered bank with effective interest rate 2.08% which mature within a year from the current year end.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

3. Deferred Revenue

At the year end, the Authority had received but not earned revenue in the amount of \$2,229,338.

	2025	2024
Balance, beginning of year	\$ 1,700,620	\$ 1,610,662
Contributions received	949,268	618,518
Amounts recognized to revenue	(420,550)	(528,560)
	\$ 2,229,338	\$ 1,700,620

Year end balances consist of the following:

	2025	2024
Facility fees and deposits	\$ 2,250	\$ 27,959
Fill Sites	167,565	167,565
YPDT - CTC	67,055	68,163
Plan review fees	1,319,088	1,173,128
Other	673,380	263,805
	\$ 2,229,338	\$ 1,700,620

Fill sites are defined as the importation of excess soil that has been excavated or removed, mainly during construction activities, that must be moved off site. Revenue is recognized as excess soil is placed throughout the watershed.

Plan review fees are received by the Authority as part of the land use planning system in partnership with local municipalities and the Region of Durham. The Authority reviews land use plans to provide formal comments that address environmental and public safety considerations. These amounts are recognized as revenue as directly related expenses are incurred.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

4. Employee Future Benefits Payable

At December 31, 2025, the Authority's accrued benefit liability relating to post retirement benefit plans is as follows:

	<u>2025</u>	<u>2024</u>
Accrued benefit liability, beginning of year	\$ 905,135	\$ 880,735
Current service costs	38,300	41,200
Interest cost on obligation	25,000	29,300
Employer contribution	(17,000)	(22,400)
Amortized gains and losses	(31,100)	(23,700)
Accrued benefit liability, end of year	\$ 920,335	\$ 905,135

(i) Retirement Life Insurance and Health Care Benefits

The Authority continues to provide life insurance (reduced by 50% for retirees), dental and health care benefits to certain employee groups after retirement for 5 years or age 65, whichever comes first. The Authority provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as at December 31, 2024.

These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Authority's best estimates of expected rates of:

	<u>2025</u>	<u>2024</u>
Salary escalation (*)	3.50%	3.50%
Insurance and health care costs escalation	5.50-4.00%	5.50-4.00%
Discount on accrued benefit obligations	4.70-4.50%	4.60-4.50%

(*) Salary escalation is based on long-term projections for inflation, real wages and increases for merit. Actual salaries are paid according to a payroll grid. The overall grid rates increased by 3.75% (2024 - 1.50%) over the prior year.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

4. Employee Future Benefits Payable (continued)

(ii) Ontario Municipal Employees Retirement System (OMERS)

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 amount of the retirement benefit to be received by the employees 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 665,000 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 total actuarial liabilities of \$151.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$150 billion indicating an actuarial deficit of \$1.3 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 \$552,237 (2024 - \$523,483).

5. Sick Leave Entitlements

The Authority provides permanent employees with sick leave credits of 1.5 days per month of service, which accumulates if unused and is available for use in the event that the employee becomes ill. No benefits are payable on retirement or termination of employment. The sick leave entitlement estimates the use of accumulated sick leave prior to retirement.

At December 31, 2025, the Authority's accrued sick leave entitlement is as follows:

	<u>2025</u>	<u>2024</u>
Sick leave entitlements, beginning of year	\$ 364,222	\$ 364,922
Current service costs	23,100	16,100
Interest cost on obligation	12,700	12,400
Benefits paid during the year	(30,500)	(20,600)
Amortized gains and losses	<u>(6,800)</u>	<u>(8,600)</u>
Sick leave entitlements, end of year	<u>\$ 362,722</u>	<u>\$ 364,222</u>

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

6. Accumulated Surplus

The Authority segregates its accumulated surplus into the following categories:

	2025	2024
Surplus - investment in tangible capital assets (a)	\$ 34,578,999	\$ 34,749,021
Surplus - investment in construction in progress	18,961	21,404
	34,597,960	34,770,425
Reserve funds:		
Working capital (b)	4,394,571	4,173,886
Vehicles and equipment (c)	1,128,063	913,778
Land operations (d)	524,735	524,735
Land acquisition (e)	198,195	69,070
Forest management (f)	259,497	259,497
Rogers capital project (g)	224,048	233,994
Schillings land acquisition (h)	16,365	15,830
Natural heritage (i)	190,026	122,834
Corporate Services (j)	85,365	-
	7,020,865	6,313,624
Total reserves	7,020,865	6,313,624
Accumulated surplus	\$ 41,618,825	\$ 41,084,049

a) Investment in Tangible Capital Assets

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

b) Reserve for Working Capital

This reserve was established to provide operating funds. No provincial funds are included in this reserve.

c) Reserve for Replacement of Vehicles and Equipment

This reserve was established for the purchase and replacement of vehicles and equipment. No provincial funds are included in this reserve.

d) Reserve for Land Operations

This reserve was established from the surplus from construction contracts. The funds will be used towards future land operations. There are no provincial funds included in this reserve.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

6. Accumulated Surplus (continued)

e) Reserve for Land Acquisition

This reserve was established from the sale of properties in the Municipality of Clarington. No provincial funds are included in this reserve.

f) Forest Management Reserve

The reserve was established from the net revenue from timber sales on Authority properties for future management costs relating to Authority forest properties.

g) Reserve for Rogers Capital Project

The reserve was established from the surplus from the Rogers project. The funds will be used towards future capital improvements to the Rogers project.

h) Reserve for Schillings Land Acquisition

A condition of the Nature Conservancy of Canada/OQO funding agreement requires CLOCA to establish an endowment fund for the property equivalent to 15% of the land value (\$13,500). The endowment fund is to be invested in such a way as to produce an investment return in the capital which will be used for stewardship of the land.

i) Reserve for Natural Heritage

This reserve was established from the administration fee/net surplus from natural heritage, stewardship, and restoration projects. The funds will be used to support future watershed health improvement programs, projects and services.

j) Reserve for Corporate Services

This reserve was established from WSIB rebates. The funds will be used to cover future cost, or anticipated liabilities related to business operations.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

7. Budget Figures (Unaudited)

The 2025 budget amounts approved by the Board of Directors on May 13, 2025 were not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net financial assets represent the budget adopted by the Authority on May 13, 2025 adjusted for the acquisition of tangible capital assets of \$538,000.

8. Reporting Entity

The Authority exercises control over the Central Lake Ontario Conservation Fund (the "Fund") by virtue of its common board members. The Fund was established to raise funds and obtain resources for the exclusive use of the Authority. The Fund is incorporated without share capital and is a registered charity under the Income Tax Act. Included in accounts receivable at December 31, 2025 is \$7,733 (2024 - \$18,293) owing from the Fund.

9. Segmented Reporting

The Public Sector Accounting Handbook Section PS 2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Authority's operations are not diverse enough to warrant these disclosures.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

10. Proposed Legislative Changes

In November 2025, the Province of Ontario announced proposed legislative changes to the structure and governance of conservation authorities, including the consolidation of existing authorities into a smaller number of regional entities, subject to legislative approval. At the date of authorization of these financial statements, the proposed amendments have not been enacted and the timing and nature of any resulting impacts on the Authority, including potential effects on governance, operations, funding, assets, or liabilities, could not be determined. Accordingly, no adjustments have been made to the amounts recognized in these financial statements, and any impacts arising from the implementation of the proposed changes will be recognized in the period in which they occur or become measurable.

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

11. Tangible Capital Assets

	2025									
	Land	Building & Improvements	Infrastructure	Machinery & Equipment	Computer Hardware & Software	Vehicles	Furniture & Fixtures	Total		
Cost, beginning of year	\$ 28,721,934	\$ 1,588,348	\$ 6,169,874	\$ 2,128,634	\$ 1,291,365	\$ 709,977	\$ 650,988	\$ 122,301	\$ 41,383,421	
Additions	-	-	77,624	43,846	25,156	13,796	179,959	-	340,381	
Disposals	-	-	-	(48,238)	(8,173)	-	(97,118)	-	(153,529)	
Cost, end of year	28,721,934	1,588,348	6,247,498	2,124,242	1,308,348	723,773	733,829	122,301	41,570,273	
Accumulated amortization, beginning of year	-	1,197,768	2,301,661	1,018,473	880,437	609,883	505,763	120,415	6,634,400	
Amortization Disposals	-	54,730	147,972	99,903	78,412	38,191	85,703	870	505,781	
Accumulated amortization, end of year	-	1,252,498	2,449,633	1,073,288	951,796	648,074	494,700	121,285	6,991,274	
Net carrying amount, end of year	\$ 28,721,934	\$ 335,850	\$ 3,797,865	\$ 1,050,954	\$ 356,552	\$ 75,699	\$ 239,129	\$ 1,016	\$ 34,578,999	

**Central Lake Ontario Conservation Authority
Notes to Non-Consolidated Financial Statements**

December 31, 2025

11. Tangible Capital Assets (continued)

									2024
	Land	Building & Improvements	Infrastructure	Machinery & Equipment	Computer Hardware & Software	Vehicles	Furniture & Fixtures	Total	
Cost, beginning of year	\$ 26,273,122	\$ 1,588,348	\$ 6,108,117	\$ 2,008,643	\$ 1,260,771	\$ 669,649	\$ 612,149	\$ 122,301	\$38,643,100
Additions	2,448,812	-	62,357	119,991	53,298	40,328	42,502	-	2,767,288
Disposals	-	-	(600)	-	(22,704)	-	(3,663)	-	(26,967)
Cost, end of year	28,721,934	1,588,348	6,169,874	2,128,634	1,291,365	709,977	650,988	122,301	41,383,421
Accumulated amortization, beginning of year	-	1,140,045	2,158,250	915,411	822,624	573,204	440,202	119,545	6,169,281
Amortization Disposals	-	57,723	143,734	103,062	80,516	36,679	69,224	870	491,808
Accumulated amortization, end of year	-	1,197,768	2,301,661	1,018,473	880,437	609,883	505,763	120,415	6,634,400
Net carrying amount, end of year	\$ 28,721,934	\$ 390,580	\$ 3,868,213	\$ 1,110,161	\$ 410,928	\$ 100,094	\$ 145,225	\$ 1,886	\$34,749,021

Central Lake Ontario Conservation Authority Notes to Non-Consolidated Financial Statements

December 31, 2025

12. Expenses by Object

	2025	2024
Wages and benefits	\$ 6,965,931	\$ 6,619,288
Program related expenses	1,722,043	729,768
Amortization	505,781	491,808
Professional fees and insurance	431,183	987,762
Property management	363,892	281,975
Head office utilities and office maintenance	132,541	105,849
Conservation area maintenance and planning	128,150	131,484
Vehicle and equipment	95,319	87,430
Computer and geomatics	63,939	62,339
Office equipment and supplies	30,630	38,051
Members' expense	7,945	9,147
Corporate communications	7,141	10,675
	\$ 10,454,495	\$ 9,555,576

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 of its accounts payable and accrued liabilities. 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.
