

THE LOWER TRENT REGION CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2025



LOWER TRENT CONSERVATION

714 Murray Street, R.R. 1, Trenton, Ontario K8V 0N1

■ Tel: 613-394-4829 ■ Fax: 613-394-5226 ■ Website: www.ltc.on.ca ■ Email: information@ltc.on.ca

Registered Charitable Organization No. 107646598RR0001

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of The Lower Trent Region Conservation Authority are the responsibility of management and have been approved by the Board.

The financial statements have been prepared in compliance with Canadian public sector accounting standards, as issued by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 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 Welch LLP, independent external auditors appointed by the Authority, in accordance with Canadian auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Rhonda Bateman
Chief Administrative Officer

Chitra Gowda
Manager, Corporate Services and Water Resources

March 12, 2026

Working with Local Communities to Protect our Natural Environment



Member of Conservation Ontario
Representing Ontario's 36 Conservation Authorities

INDEPENDENT AUDITOR'S REPORT

To the Members of
THE LOWER TRENT REGION CONSERVATION AUTHORITY

Opinion

We have audited the financial statements of **THE LOWER TRENT REGION CONSERVATION AUTHORITY**, which comprise the statement of financial position as at December 31, 2025, and the statements of surplus, changes in net financial assets, operations 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 the Authority as at December 31, 2025, and the results of its operations 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.

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

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

In preparing the financial statements, management is responsible for assessing the 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 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 will 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.




Trenton, Ontario
March 12, 2026

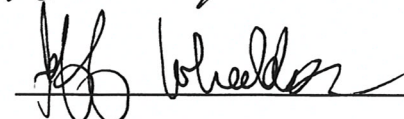
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE LOWER TRENT REGION CONSERVATION AUTHORITY
(Established Under the Conservation Authorities Act of Ontario)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	\$ 2,221,170	\$ 2,080,733
Short term investment - <i>note 5</i>	72,326	69,973
Accounts receivable		
Municipalities	-	129,224
Other	161,235	58,085
Due from partnership programs - <i>note 7</i>	28,062	-
	2,482,793	2,338,015
LIABILITIES		
Bank loan - <i>note 4</i>	73,386	-
Accounts payable and accrued liabilities	244,070	202,949
Unearned revenue	3,324	10,754
Due to partnership programs - <i>note 7</i>	-	8,093
Deferred contributions - <i>note 6</i>	27,844	81,678
	348,624	303,474
NET FINANCIAL ASSETS	2,134,169	2,034,541
NON FINANCIAL ASSETS		
Tangible capital assets - <i>schedule 4</i>	3,081,778	3,043,443
Prepaid expenditures	35,297	31,786
	3,117,075	3,075,229
ACCUMULATED SURPLUS	\$ 5,251,244	\$ 5,109,770
Represented by:		
Operating fund - <i>note 8</i>	1,354,181	1,276,574
Reserve funds - <i>note 9</i>	815,285	789,753
Equity in tangible capital assets	3,081,778	3,043,443
	5,251,244	5,109,770

Approved by the Board


 _____ Director


 _____ Director

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF SURPLUS
YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
ACCUMULATED SURPLUS , beginning of year	\$ 5,109,770	\$ 4,861,826
Annual surplus	<u>141,474</u>	<u>247,944</u>
ACCUMULATED SURPLUS , end of year	<u><u>\$ 5,251,244</u></u>	<u><u>\$ 5,109,770</u></u>

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
NET FINANCIAL ASSETS , beginning of year	<u>\$ 2,034,541</u>	<u>\$ 1,800,806</u>
Annual Surplus	141,474	247,944
Acquisition of tangible capital assets	(116,383)	(66,902)
Proceeds on disposition of tangible capital assets	-	2,600
Gain on disposal of tangible capital assets	-	(2,573)
Amortization of tangible capital assets	78,048	60,589
Change in prepaid expenditures	<u>(3,511)</u>	<u>(7,923)</u>
	<u>99,628</u>	<u>233,735</u>
NET FINANCIAL ASSETS , end of year	<u><u>\$ 2,134,169</u></u>	<u><u>\$ 2,034,541</u></u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025

	<u>2025 Budget</u> <u>(Note 12)</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
REVENUE - OPERATING			
Government grants - provincial	\$ 68,831	\$ 68,831	\$ 68,831
Municipal levies - operating	1,392,904	1,392,904	1,235,239
Recoveries - property taxes	22,167	24,923	23,628
Legal enquiries and permits	180,000	148,530	158,620
Plan review	130,000	82,810	111,115
Property rental	30,333	35,456	32,820
Grants - stewardship projects	-	14,352	107,039
Tree seedling and native potted plants	25,000	32,371	38,382
Donations - unrestricted	3,000	4,115	2,950
Dedicated contributions recognized - note 6	24,210	61,418	55,498
Municipal agreements	267,031	213,532	249,406
Recovered from partnership programs - note 11	171,489	180,345	334,983
Government grants - federal	59,742	9,632	9,868
Interest	60,000	73,307	113,940
Sundry	-	2,000	10
	<u>2,434,707</u>	<u>2,344,526</u>	<u>2,542,329</u>
EXPENDITURES - OPERATING			
Category 1 (Mandatory), Schedule 1	2,184,564	1,866,576	2,010,420
Category 2 (Non-mandatory), Schedule 2	150,007	119,227	122,157
Category 3 (Non-mandatory), Schedule 3	194,426	195,229	157,743
	<u>2,528,997</u>	<u>2,181,032</u>	<u>2,290,320</u>
Annual surplus before capital items - note 8	<u>(94,290)</u>	<u>163,494</u>	<u>252,009</u>
CAPITAL ITEMS			
Municipal levies - capital	98,105	98,105	98,104
Major repairs and maintenance	(98,105)	(39,948)	(44,153)
Amortization	-	(78,048)	(60,589)
Loan interest	-	(2,129)	-
Gain on disposal of tangible capital assets	-	-	2,573
	<u>-</u>	<u>(22,020)</u>	<u>(4,065)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (94,290)</u>	<u>\$ 141,474</u>	<u>\$ 247,944</u>

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE 1 - CATEGORY 1 (MANDATORY)
YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Note 12)	2025 Actual	2024 Actual
REVENUE			
Government grants - provincial	\$ 68,831	\$ 68,831	\$ 68,831
Municipal levies - operating	1,392,904	1,392,904	1,235,239
Recoveries - property taxes	22,167	24,923	23,628
Legal enquiries and permits	180,000	148,530	158,620
Plan review	130,000	82,810	111,115
Property rental	30,333	35,456	32,820
Grants - stewardship projects	-	1,389	106,664
Donations - unrestricted	3,000	4,115	2,950
Recovered from partnership programs	171,489	180,345	334,983
Government grants - federal	45,840	-	5,234
Interest	60,000	73,307	113,940
Sundry	-	2,000	10
	<u>2,104,564</u>	<u>2,014,610</u>	<u>2,194,034</u>
EXPENDITURES			
Natural hazard management			
- Staffing	570,387	495,613	575,880
- Operational	201,180	66,456	140,409
Provincial water quality monitoring			
- Staffing	25,708	25,356	-
- Operational	-	639	1,243
Local/regional drinking water source protection			
- Staffing	51,489	56,157	112,834
- Operational	-	400	-
Conservation authority lands and areas			
- Staffing	312,725	272,812	272,451
- Operational	165,034	139,398	158,880
Enabling services			
- Staffing	616,516	594,270	579,226
- Operational	241,525	215,475	169,497
	<u>2,184,564</u>	<u>1,866,576</u>	<u>2,010,420</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (80,000)</u>	<u>\$ 148,034</u>	<u>\$ 183,614</u>

(See accompanying note)

Welch⁷ LLP[®]

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE 2 - CATEGORY 2 (NON-MANDATORY)
YEAR ENDED DECEMBER 31, 2025

	<u>2025 Budget</u> <u>(Note 12)</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>
REVENUE			
Municipal agreements	<u>\$ 150,007</u>	<u>\$ 96,508</u>	<u>\$ 138,650</u>
EXPENDITURES			
Local risk management part IV and education			
- Staffing	115,186	110,079	117,053
- Operational	28,053	2,607	5,104
Non-owned flood and erosion control infrastructure			
- Staffing	6,568	6,541	-
- Operational	<u>200</u>	<u>-</u>	<u>-</u>
	<u>150,007</u>	<u>119,227</u>	<u>122,157</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>\$ -</u></u>	<u><u>\$ (22,719)</u></u>	<u><u>\$ 16,493</u></u>

(See accompanying note)

Welch LLP[®]

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE 3 - CATEGORY 3 (NON-MANDATORY)
YEAR ENDED DECEMBER 31, 2025

	<u>2025 Budget</u> (Note 12)	<u>2025</u> Actual	<u>2024</u> Actual
REVENUE			
Municipal agreements	\$ 117,024	\$ 117,024	\$ 110,756
Grants - stewardship projects	-	12,963	375
Tree seedling and native potted plants	25,000	32,371	38,382
Dedicated contributions recognized	24,210	61,418	55,498
Government grants - summer students and interns	<u>13,902</u>	<u>9,632</u>	<u>4,634</u>
	<u>180,136</u>	<u>233,408</u>	<u>209,645</u>
EXPENDITURES			
Youth education			
- Staffing	55,225	56,327	52,683
- Operational	15,450	12,835	6,255
Community outreach			
- Staffing	16,828	25,958	2,088
- Operational	25,000	25,303	28,171
Local water quality monitoring			
- Staffing	59,126	53,365	46,411
- Operational	<u>22,797</u>	<u>21,441</u>	<u>22,135</u>
	<u>194,426</u>	<u>195,229</u>	<u>157,743</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (14,290)</u>	<u>\$ 38,179</u>	<u>\$ 51,902</u>

(See accompanying note)

Welch LLP[®]

An Independent Member of BKR International

THE LOWER TRENT REGION CONSERVATION AUTHORITY
SCHEDULE 4 - TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	Land \$	Buildings, structures and bridges \$	Flood and Erosion Control Infrastructure \$	Roads, parking lots and trails \$	Furniture and fixtures \$	Equipment \$	Office equipment \$	Vehicles \$	Computer Equipment \$	2025		2024		
										Total	\$	Total	\$	
Historical Costs:														
Opening Balance	2,116,658	881,024	349,131	134,797	53,774	106,913	39,021	235,600	114,570	4,031,488	3,988,883			
Additions	-	-	-	-	-	34,409	-	81,974	-	116,383	66,902			
Disposals	-	-	-	-	-	-	-	-	-	-	(24,297)			
Closing Balance	2,116,658	881,024	349,131	134,797	53,774	141,322	39,021	317,574	114,570	4,147,871	4,031,488			
Accumulated Amortization:														
Opening Balance	-	357,010	182,763	50,305	41,362	40,340	38,437	181,580	96,248	988,045	951,726			
Amortization	-	13,100	4,159	2,112	2,482	17,231	176	32,600	6,188	78,048	60,589			
Disposals	-	-	-	-	-	-	-	-	-	-	(24,270)			
Closing Balance	-	370,110	186,922	52,417	43,844	57,571	38,613	214,180	102,436	1,066,093	988,045			
Net book value for year ended December 31, 2025	2,116,658	510,914	162,209	82,380	9,930	83,751	408	103,394	12,134	3,081,778	3,043,443			

(See accompanying notes)

THE LOWER TRENT REGION CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 141,474	\$ 247,944
Adjustments for:		
Amortization	78,048	60,589
Gain on disposal of tangible capital assets	<u>-</u>	<u>(2,573)</u>
	219,522	305,960
Change in non-cash operating balances:		
Accounts receivable	26,074	163,614
Prepaid expenditures	(3,511)	(7,923)
Accounts payable and accrued liabilities	41,121	80,366
Unearned revenue	(7,430)	(11,397)
Deferred contributions	(53,834)	(50,422)
Due to partnership programs	<u>(36,155)</u>	<u>(205,648)</u>
	<u>185,787</u>	<u>274,550</u>
CASH FLOWS FROM CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(116,383)	(66,902)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>2,600</u>
	<u>(116,383)</u>	<u>(64,302)</u>
CASH FLOWS FROM INVESTING TRANSACTIONS		
Purchase of short-term investment	<u>(2,353)</u>	<u>(2,312)</u>
CASH FLOWS FROM FINANCING TRANSACTIONS		
Proceeds from bank loan	82,000	-
Repayment of bank loan	<u>(8,614)</u>	<u>-</u>
	<u>73,386</u>	<u>-</u>
INCREASE IN CASH	140,437	207,936
CASH, beginning of year	<u>2,080,733</u>	<u>1,872,797</u>
CASH, end of year	<u>\$ 2,221,170</u>	<u>\$ 2,080,733</u>

(See accompanying notes)

**THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

1. NATURE OF OPERATIONS

The Lower Trent Region Conservation Authority ("the Authority") is established under the Conservation Authorities Act of Ontario 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. The watersheds include areas in the Municipalities of Centre Hastings, Trent Hills and Brighton, the Townships of Alnwick/Haldimand, Cramahe and Stirling-Rawdon, and the City of Quinte West.

The Authority is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The Authority follows Canadian Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) in preparing its financial statements. The significant accounting policies used are as follows:

Basis of accounting

Revenue and expenditures are recorded on the accrual basis, 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.

Appropriations to reserves

Authorities may establish reserves by appropriating amounts to earmark them for specific purposes. Appropriations to or from reserves are disclosed in note 8 and note 9 as appropriations from or to the operating fund.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a declining balance basis commencing in the year the asset is put into service. Donated tangible capital assets are reported at fair value at the time of donation. Amortization rates are as follows:

Buildings, structures and bridges	2.5%
Equipment	20%
Vehicles	30%
Office equipment	30%
Furniture and fixtures	20%
Computer equipment	30 to 45%
Roads, parking lots and trails	2.5%
Flood and erosion control infrastructure	2.5%

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Authority recognizes revenue as follows:

Municipal levies - general are recognized in the fiscal year in which they are levied.

The Provincial government annual operating grant is recognized in the fiscal year to which the grant relates to the extent that eligible expenditures have been incurred.

User fees and sales are recognized when the service has been performed or the goods have been transferred.

Other grants and specified donations are recognized when the related net expenditures have been incurred.

Property rental income is recognized over the lease term.

General donations are recognized when received.

Any funding received for which the related services have not been performed and/or the related expenditures have not been incurred at the end of the fiscal year are recorded as unearned revenue.

Investment income, which includes interest on bank accounts and distributions from mutual funds, is recognized when earned.

Investments

Investments, which consist of mutual funds, are measured at acquisition cost.

Financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case where a financial asset or financial liability is subsequently measured at amortized cost, the amount of transaction costs directly attributable to the instrument. The Authority subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable and short term investment. Financial liabilities measured at amortized cost include bank loans, accounts payable and accrued liabilities, due to partnership programs, unearned revenue and deferred contributions. The purchase and sale of investments are accounted for using settlement date accounting. Transaction costs associated with the acquisition of investments and investment management fees are expensed as incurred.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Liability for contaminated sites

A contaminated site is a site at which substances occur, in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Authority is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. These statements do not include any liability for contaminated sites.

Pension expense and obligation

The cost of employer contributions to the multi-employer defined benefit pension plan are charged to operations in the same year as the related employee salaries and wages to which the contributions relate. No provision is made for any funding liability or surplus related to this plan.

Asset retirement obligations

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations. These statements do not include any asset retirement obligations.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include determining the estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

3. FINANCIAL INSTRUMENTS

Credit risk

The Authority is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Authority's maximum exposure to credit risk represents the sum of the carrying value of its cash, accounts receivable and investments. The Authority's cash and investments are with Canadian banks while the accounts receivable are largely amounts due from governments and as a result management believes the risk of loss to be remote. All of the receivables are current.

Liquidity risk

Liquidity risk is the risk that the Authority cannot meet a demand for cash or fund its obligations as they become due. The Authority meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can readily be converted to cash. Substantially all of the accounts payable and accrued liabilities are anticipated to be settled within six months of the year end.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

a) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. Substantially all of the Authority's transactions are in Canadian dollars and as a result, management does not believe the Authority is exposed to significant currency risk.

b) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Authority has limited interest rate risk as it bears no variable rate debt but does earn interest on its bank account based on market interest rates.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

3. FINANCIAL INSTRUMENTS (continued)

c) Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Authority is not exposed to other price risk.

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

The Authority has no instruments that are subsequently measured at fair value after initial recognition.

Change in risk

There was no significant change in the Authority's risk exposure during the year.

4. BANK LOAN

During the year, the Authority was advanced \$82,000 under a demand instalment loan. The loan bears interest at 4.66%, is repayable in blended monthly instalments of \$1,535 and is due on demand. As collateral for the loan, the bank holds a general security agreement representing a first charge on all the Authority's present and after acquired personal property.

5. SHORT TERM INVESTMENT

The short term investment consists of a T-Bill mutual fund and includes \$17,991 (2024 - \$17,406) which is restricted in use for the Shell Canada project described in Note 6. The market value of the investment is equivalent to its cost.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

6. DEFERRED CONTRIBUTIONS

	2025	2024
Balance, beginning of year	\$ 81,678	\$ 132,100
Contributions received in year	7,000	4,500
Interest earned	584	575
Expended in year - net of employment grants	(61,418)	(55,497)
Balance, end of year	\$ 27,844	\$ 81,678

Deferred contribution balance includes the following items:

	2025	2024
Shell Canada	\$ 17,991	\$ 17,406
Youth Education Programs and Fundraising Initiative	9,853	64,272
	\$ 27,844	\$ 81,678

The Authority received contributions in a prior year from Shell Canada that are restricted in their use towards capital improvements at the Goodrich-Loomis Conservation Centre. During the year, \$nil (2024 - \$nil) was expended for these purposes.

The Authority received contributions during the current year and prior years from various donors that are restricted in their use towards Youth Education Programs and Fundraising Initiative. During the year, \$61,418 (2024 - \$55,497) was expended for these purposes.

7. DUE TO/(FROM) PARTNERSHIP PROGRAMS

The Authority has been engaged to manage and administer non-authority programs on behalf of partners. This includes hiring and supervising the employees of these programs as well as providing technical and administrative support. The Authority is advanced funds to cover the expenditures of these programs. Separate bank accounts are not maintained for these programs. Currently, the Authority administers the Bay of Quinte Remedial Action Plan programs ("BQRAP") and the Regional Drinking Water Source Protection Program for the Trent Conservation Coalition ("RDWSP"). At the end of the current year, the Authority had the following amounts payable to these programs and funds received and expended for these programs.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

7. DUE TO/(FROM) PARTNERSHIP PROGRAMS (continued)

	Amount payable beginning of year	Funds received in year	Expenditures	Amount payable end of year
BQRAP Governance	\$ (64,796)	\$ 165,771	\$ (281,110)	\$ (180,135)
BQRAP Stewardship	<u>72,045</u>	<u>152,259</u>	<u>(124,396)</u>	<u>99,908</u>
BQRAP Total	7,249	318,030	(405,506)	(80,227)
RDWSP	<u>844</u>	<u>699,797</u>	<u>(648,476)</u>	<u>52,165</u>
	<u>\$ 8,093</u>	<u>\$ 1,017,827</u>	<u>\$ 1,053,982</u>	<u>\$ (28,062)</u>

The Authority is the signatory to funding contracts with the Federal and Ontario governments for the above noted programs. Under these contracts, there are periodic submissions of financial reports and reconciliation of expenditures incurred to the funding provided for the contract period. Funding received in excess of eligible expenditures may have to be returned to the funding government.

8. OPERATING FUND

The activity during the year in the operating fund is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,276,574	\$ 1,066,195
Increase in net financial assets	99,628	233,735
Increase in prepaid expenditures	3,511	7,923
Appropriations to reserves	(111,487)	(131,269)
Appropriations from reserves	<u>85,955</u>	<u>99,990</u>
Balance, end of year	<u>\$ 1,354,181</u>	<u>\$ 1,276,574</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

8. OPERATING FUND (continued)

The amounts added to the operating fund surplus for the year (before appropriations to/from reserves) is as follows:

	2025	2024
Category 1 annual operating surplus	\$ 148,034	\$ 183,614
Category 2 annual operating surplus (deficit)	(22,719)	16,493
Category 3 annual operating surplus	38,179	51,902
Total annual operating surplus	163,494	252,009
Annual capital deficit	(22,020)	(4,065)
Add amortization	78,048	60,589
Less capital asset additions	(116,383)	(66,902)
Add net book value of capital assets disposed of	-	27
	\$ 103,139	\$ 241,658

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

9. RESERVE FUNDS

Appropriations to or from the reserve for administration facility, reserve for equipment, reserve for special projects, reserve for workshop facility, reserve for conservation lands, reserve for legal fees and reserve for youth education are specific decisions of the Authority's Board of Directors. The Provincial land reserve consists of funds received from sales of lands that are restricted in purpose to the purchase of provincially significant conservation lands, flood operations, flood control structures or hazard land mapping and require provincial approval. The activity in the various reserve funds during the year are as follows:

	Balance beginning of year	Appropriation from Operations	Appropriation to Operations	Balance end of year
Reserve for buildings, structures, and bridges	\$ 117,720	\$ 32,000	\$ -	\$ 149,720
Reserve for vehicles and equipment	70,624	30,550	(46,007)	55,167
Reserve for special projects	74,335	3,680	-	78,015
Reserve for conservation lands	3,000	-	-	3,000
Reserve for legal fees	90,000	-	-	90,000
Reserve for youth education	65,350	-	-	65,350
Provincial land reserve	225,245	-	-	225,245
Reserve for IT infrastructure	55,752	12,000	(37,286)	30,466
Reserve for land infrastructure	69,563	19,875	(2,662)	86,776
Reserve for community stewardship	<u>18,164</u>	<u>13,382</u>	<u>-</u>	<u>31,546</u>
	<u>\$ 789,753</u>	<u>\$ 111,487</u>	<u>\$ (85,955)</u>	<u>\$ 815,285</u>

Appropriations from operations includes the municipal capital levy of \$98,105 approved for the year plus an additional \$13,382 approved by the Board from the 2024 surplus. Appropriations to operations of \$85,955 relate to actual spending on items approved in the capital asset management plan as well as specific items authorized by the Board as follows:

Capital asset additions	\$ 35,264
Major repairs and maintenance of capital assets	39,948
Loan payments	<u>10,743</u>
	<u>\$ 85,955</u>

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

10. DONATIONS

During the year, the Authority received donations totaling \$13,825 of which \$4,115 is included as donations - unrestricted on the statement of operations with \$255 being restricted to use to Category 1 Stewardship Initiatives and included in Grants - Stewardship Projects and \$9,455 restricted to Youth Education Programs and Fundraising Initiative and forms part of the deferred contributions included in note 6.

11. RECOVERIES FROM PARTNERSHIP PROGRAMS

Recoveries from partnership programs are amounts recovered from the programs described in note 7 and include recovery of wages and benefits of general Authority employees, office space and automotive equipment rental and overhead costs. The amounts charged to the programs are as follows:

	2025	2024
Bay of Quinte Remedial Action Plan	\$ 65,534	\$ 154,762
Regional Drinking Water Source Protection	114,811	180,221
	\$ 180,345	\$ 334,983

All of the amounts have been recovered from Category 1 programs.

12. BUDGET AMOUNTS

The budget amounts presented are as approved by the Board of Directors on December 12, 2024. This includes both the operating budget and the capital budget. The operating budget included \$2,545,569 of revenue and \$2,545,569 of expenditures for a net deficit of \$nil. However, the operating budget included certain revenues and expenditures of the Regional Drinking Water Source Protection Program that are not reflected on these financial statements as well as transfers from prior year accumulated surplus and thus the operating budget presented on the statement of operations has been adjusted to show revenue of \$2,434,707 and expenditures of \$2,528,997 for a net deficit of \$94,290. The capital budget included \$98,105 of revenue with projected capital expenditures of \$98,105 for a net deficit of \$nil. The Authority does not budget for amortization.

THE LOWER TRENT REGION CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

13. EXPENDITURES BY OBJECT

Operating expenditures comprise:

	2025	2024
Salaries and benefits	\$ 1,696,478	\$ 1,758,626
Operating goods and services	484,554	531,694
	\$ 2,181,032	\$ 2,290,320

14. PENSION AGREEMENTS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions are split equally between the employees and the Authority.

The Authority's share of contributions to OMERS for 2025 was \$154,298 (2024 - \$148,179) for current service costs, of which \$29,909 (2024 - \$24,624) related to Partnership Programs and \$124,389 (2024 - \$124,785) relates to Authority programs that are included in the statement of operations.

The OMERS plan has a reported \$1.3 billion going concern actuarial deficit at the end of 2025 (2024 - \$2.9 billion), and \$151.4 billion of going concern actuarial liabilities at the end of 2025 (2024 - \$142.5 billion).

15. UNCERTAINTY DUE TO IMPACT OF CHANGES TO THE CONSERVATION AUTHORITIES ACT AND REGULATIONS

In November 2025, the Provincial government passed Bill 68 which amended the Act to establish the Ontario Provincial Conservation Agency ("OPCA"). The OPCA objectives include overseeing CAs on the transition to a regional watershed-based framework for CAs in Ontario. In November 2025, the Provincial government also issued ERO #025-1257, a proposal for regional consolidation of the current 36 CAs into 9 regional CAs. The Province will be legislating changes in the spring of 2026 that will allow the consolidation to proceed with an anticipated consolidation date in early 2027. The ERO posting stated that the current Boards of Directors will not be active after October 2026. In early 2027, new Boards of Directors will be appointed for the 9 regional CAs based on the new governance provided for in the legislation. The operations of the Authority are expected to continue throughout 2026 and thereafter under the new structure.