

**St. Clair Region Conservation Authority  
Financial Statements**

*December 31, 2025*

**St. Clair Region Conservation Authority**

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*For the year ended December 31, 2025*

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# MANAGEMENT REPORT

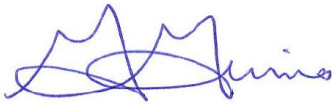
## Management's Responsibility for the Financial Statements

The accompanying financial statements are the responsibility of the management of St. Clair Region Conservation Authority and have been prepared by management in accordance with Canadian public sector accounting standards. Management is also responsible for the notes to the financial statements, schedules and the integrity and objectivity of these financial statements. The preparation of financial statements involves the use of estimates based on management's judgment to which management has determined such amounts on a reasonable basis in order to ensure that the financial statements and any other supplementary information presented are consistent with that in the financial statements.

The Authority is also responsible to maintain a system of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, available on a timely basis, and accurate, and that the transactions are properly authorized and that the Authority's assets are properly accounted for and adequately safeguarded.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal financial statements on a quarterly basis with management, as well as with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting. The external auditors MNP LLP have full and free access to financial information and the Board of Directors prior to the approval of the financial statements.

The financial statements have been examined by MNP LLP, the external auditors of the Authority. The responsibility of the external auditors is to conduct an independent examination in accordance with Canadian generally accepted auditing standards, and to express their opinion on whether the financial statements are fairly presented in all material respects in accordance with Canadian public sector accounting standards.



Chairman of the Board



General Manager

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To the Board of Directors of St. Clair Region Conservation Authority:

## Opinion

We have audited the financial statements of St. Clair Region Conservation Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations and accumulated surplus, statement of continuity of reserves and reserve funds, statement of changes in net financial and net tangible capital assets, statement of remeasurement gains and losses, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2025, and the results of its operations and 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.

## 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.

London, Ontario

February 26, 2026

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# St. Clair Region Conservation Authority

## Statement of Financial Position

*As at December 31, 2025*

	2025	2024
<b>Financial assets</b>		
Cash (Note 3)	\$ 7,893,181	\$ 6,464,473
Investments (Note 4)	1,596,236	1,176,835
Accounts receivable (Note 5)	551,986	1,598,044
HST receivable	39,012	169,049
Other assets	4,961	143,257
Long-term investments (Note 6)	877,719	1,172,952
	<b>10,963,095</b>	<b>10,724,610</b>
<b>Restricted assets</b>		
Forestry reserve (Note 7)	12,042	12,012
	<b>10,975,137</b>	<b>10,736,622</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	340,696	274,951
Deferred revenue - projects (Note 9)	2,796,202	3,214,931
Deferred revenue - other (Note 10)	504,573	504,013
	<b>3,641,471</b>	<b>3,993,895</b>
	<b>7,333,666</b>	<b>6,742,727</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 2)	15,393,825	15,333,981
<b>Non-financial liabilities</b>		
Deferred capital contributions (Note 12)	235,130	-
	<b>15,158,695</b>	<b>15,333,981</b>
<b>Contingent liabilities (Note 18)</b>		
	<b>22,492,361</b>	<b>22,076,708</b>
<b>Accumulated surplus</b>		
Reserves and reserve funds, before remeasurement gains, page 2	7,316,533	6,725,146
Accumulated remeasurement gains (losses), page 2	17,133	17,581
Net tangible capital assets, page 4	15,158,695	15,333,981
	<b>\$ 22,492,361</b>	<b>\$ 22,076,708</b>

Approved on behalf of the Board:




**St. Clair Region Conservation Authority**  
**Statement of Continuity of Reserves and Reserve Funds**

*For the year ended December 31, 2025*

	<i>Balance, beginning of year</i>	<i>Transfers from or (to) Operations before interest</i>	<i>Interest earned</i>	<i>Balance, end of year</i>
<b>Reserve funds</b>				
Forestry	\$ 12,012	\$ -	\$ 30	\$ 12,042
<b>Other reserves</b>				
Administration centre	1,702,243	198,546	64,263	1,965,052
Coldstream remedial	2,449	-	92	2,541
Conservation services	1,056,296	-	39,878	1,096,174
General conservation areas	1,674,617	182,139	63,223	1,919,979
Insurance	31,820	-	1,201	33,021
Land management	355,143	-	13,409	368,552
McKeough property management	504,964	(135,864)	19,064	388,164
Oil and gas	86,726	-	3,274	90,000
Planning	608,961	64,363	22,990	696,314
Resource awareness	25,777	-	973	26,750
Vehicles and equipment	681,719	27,620	25,738	735,077
<b>Total other reserves</b>	<b>6,730,715</b>	<b>336,804</b>	<b>254,105</b>	<b>7,321,624</b>
<b>Total other reserves and reserve funds</b>	<b>\$ 6,742,727</b>	<b>\$ 336,804</b>	<b>\$ 254,135</b>	<b>\$ 7,333,666</b>
<b>Reserve and other reserve funds consisting of:</b>				
Accumulated remeasurement gains (losses), page 6	17,581	(448)	-	17,133
Other reserves and reserve funds	6,725,146	337,252	254,135	7,316,533
	<b>6,742,727</b>	<b>336,804</b>	<b>254,135</b>	<b>7,333,666</b>

*The accompanying notes and schedules are an integral part of these financial statements*

**St. Clair Region Conservation Authority**  
**Statement of Operations and Accumulated Surplus**

*For the year ended December 31, 2025*

	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	<i>2025</i>	<i>2025</i>	<i>2024</i>
	<i>(Note 16)</i>		
<b>Revenue</b>			
<b>Government Grants</b>			
Grants - section 39	\$ 160,038	\$ 160,038	\$ 160,038
Grants - Federal and Provincial (Note 9) (Note 12)	2,794,580	2,701,289	4,035,916
<b>Municipal levies</b>			
Municipal levies - general	1,675,950	1,675,950	1,611,345
Municipal levies - special	1,728,995	591,691	1,199,827
<b>Other revenue</b>			
Conservation areas (Note 14)	1,668,360	1,771,456	1,666,155
Donations (Note 14)	105,500	183,173	257,913
Fees	522,486	568,588	676,950
Gain on disposal of tangible capital assets (Note 11)	-	50,203	2,662
Interest and investment income	50,000	350,033	506,923
Other grants (Note 10)	410,185	704,191	485,288
Other income	308,750	318,677	416,065
Deferred revenue - projects, beginning of the year (Note 9)	1,287,062	3,214,931	4,230,541
Deferred revenue - projects, end of the year (Note 9)	-	(2,796,202)	(3,214,931)
<b>Total revenue</b>	<b>10,711,906</b>	<b>9,494,018</b>	<b>12,034,692</b>
<b>Expenditures</b>			
Administration	937,515	962,121	812,168
Capital development	2,929,972	872,286	4,460,412
Conservation area maintenance	1,753,360	1,857,908	1,826,832
Operations	4,892,874	4,589,013	3,536,940
Property management	298,185	291,570	275,935
Amortization of tangible capital assets (Note 11)	-	505,019	457,138
<b>Total expenditures</b>	<b>10,811,906</b>	<b>9,077,917</b>	<b>11,369,425</b>
<b>Excess of revenue over expenditures</b>	<b>(100,000)</b>	<b>416,101</b>	<b>665,267</b>
<b>Accumulated surplus, beginning of year</b>	<b>22,076,708</b>	<b>22,076,708</b>	<b>21,411,788</b>
<b>Accumulated remeasurement gains (losses)</b>	<b>-</b>	<b>(448)</b>	<b>(347)</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 21,976,708</b>	<b>\$ 22,492,361</b>	<b>\$ 22,076,708</b>

**St. Clair Region Conservation Authority**  
**Statement of Changes in Net Financial and Net Tangible Capital Assets**

*For the year ended December 31, 2025*

	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>
	<i>2025</i>	<i>2025</i>	<i>2024</i>
	<i>(Note 16)</i>		
<b>Net financial assets</b>			
<b>Net financial assets, beginning of year</b>	\$ 6,742,727	\$ 6,742,727	\$ 5,994,984
Excess of revenue over expenditures	(100,000)	416,101	665,267
Acquisition of tangible capital assets	-	(572,664)	(387,153)
Amortization of tangible capital assets	-	505,019	457,138
Deferred capital contributions received	-	391,884	-
Deferred capital contributions recognized as revenue	-	(156,754)	-
Loss (gain) on disposal of tangible capital assets	-	(50,203)	(2,662)
Proceeds on sale of tangible capital assets	-	58,004	15,500
Remeasurement gains (losses)	-	(448)	(347)
<b>Increase in net financial assets</b>	<b>(100,000)</b>	<b>590,939</b>	<b>747,743</b>
<b>Net financial assets, end of year</b>	<b>\$ 6,642,727</b>	<b>\$ 7,333,666</b>	<b>\$ 6,742,727</b>
<b>Net tangible capital assets</b>			
<b>Net tangible capital assets, beginning of year</b>	\$ 15,333,981	\$ 15,333,981	\$ 15,416,804
Acquisition of tangible capital assets	-	572,664	387,153
Amortization of tangible capital assets	-	(505,019)	(457,138)
Deferred capital contributions received	-	(391,884)	-
Deferred capital contributions recognized as revenue	-	156,754	-
Gain (loss) on disposal of tangible capital assets	-	50,203	2,662
Proceeds on sale of tangible capital assets	-	(58,004)	(15,500)
<b>Decrease in net tangible capital assets</b>	<b>-</b>	<b>(175,286)</b>	<b>(82,823)</b>
<b>Net tangible capital assets, end of year</b>	<b>\$ 15,333,981</b>	<b>\$ 15,158,695</b>	<b>\$ 15,333,981</b>

# St. Clair Region Conservation Authority

## Statement of Cash Flows

*For the year ended December 31, 2025*

	2025	2024
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 416,101	\$ 665,267
Items not affecting cash:		
Amortization of tangible capital assets	505,019	457,138
Amortization of deferred capital contributions	(156,754)	-
(Gain) loss on disposal of tangible capital assets	(50,203)	(2,662)
Change in unrealized investment gains (losses)	(448)	(347)
Change in non-cash working capital		
(Increase) decrease in accounts receivable	1,046,058	(877,045)
(Increase) decrease in HST receivable	130,037	(140,471)
(Increase) decrease in other assets	138,296	(117,991)
(Decrease) increase in accounts payable	65,745	(235,187)
(Decrease) increase in deferred revenue - projects	(418,729)	(1,015,610)
(Decrease) Increase in deferred revenue - other	560	(47,590)
<b>Cash inflow from operating activities</b>	<b>1,675,682</b>	<b>(1,314,498)</b>
<b>Investing activities</b>		
Change in investments	(124,168)	(115,346)
<b>Cash outflow from investing activities</b>	<b>(124,168)</b>	<b>(115,346)</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(572,664)	(387,153)
Proceeds on disposal of tangible capital assets	58,004	15,500
Deferred capital contributions received	391,884	-
<b>Cash outflow from capital activities</b>	<b>(122,776)</b>	<b>(371,653)</b>
<b>(Decrease) increase in cash</b>	<b>1,428,738</b>	<b>(1,801,497)</b>
<b>Cash - beginning of year</b>	<b>6,476,485</b>	<b>8,277,982</b>
<b>Cash - end of year</b>	<b>\$ 7,905,223</b>	<b>\$ 6,476,485</b>
<b>Cash consists of:</b>		
Cash	\$ 7,893,181	\$ 6,464,473
Forestry reserve	12,042	12,012
	<b>\$ 7,905,223</b>	<b>\$ 6,476,485</b>

**St. Clair Region Conservation Authority**  
**Statement of Remeasurement Gains and Losses**

*For the year ended December 31, 2025*

	<b>2025</b>	<b>2024</b>
<b>Accumulated remeasurement gains (losses), beginning of the year</b>	\$ 17,581	\$ 17,928
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments		
Designated for fair value	<b>(448)</b>	<b>(347)</b>
<b>Total unrealized gains (losses)</b>	<b>(448)</b>	<b>(347)</b>
<b>Amounts reclassified to statement of operations:</b>		
Portfolio investments		
Designated for fair value	-	-
<b>Total realized (gains) losses, reclassified to the statement of operations</b>	-	-
<b>Net change in remeasurement gains (losses) for the year</b>	<b>(448)</b>	<b>(347)</b>
<b>Accumulated remeasurement gains (losses), end of the year</b>	<b>17,133</b>	<b>17,581</b>

# St. Clair Region Conservation Authority

## Notes to the Financial Statements

For the year ended December 31, 2025

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### 1. Purpose of the organization

St. Clair Region Conservation Authority ("the Authority"), is a non-profit entity created by Section 38 of the Ontario Conservation Authorities Act on January 16, 1961. The Authority exists to manage watershed resources through conservation, preservation, restoration and enhancement and to ensure these resources are maintained while meeting the needs of the public. The Authority is exempt from income tax under Paragraph 149(1)(c) of the Income Tax Act (Canada).

### 2. Significant accounting policies

The financial statements of the Authority are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) as defined in the CPA Canada Public Sector Accounting Handbook. Significant aspects of the accounting policies are as follows:

#### a) Basis of accounting

The Authority follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods or services and/or the creation of a legal obligation to pay.

#### b) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are used with accounting for such items as the useful life of tangible capital assets, providing for accrued liabilities and the allowance for doubtful accounts (if any). Actual amounts may differ from estimates.

#### c) Revenue recognition

The Authority follows the deferral method of accounting for donations, government transfers and other grants. Restricted donations, government transfers and other grants are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed. Unrestricted contributions and government transfers are recognized as revenues in the period in which events giving rise to the revenue occur, provided that the transactions are authorized, any eligibility criteria have been met, and a reasonable estimate can be made of the amount to be received.

General grants and levies are recognized in the period they pertain to.

Other income, conservation areas, levies and fees are recognized as the related expenses are incurred and the services are provided. Other income received in excess of related expenditures is reflected as deferred revenue until approval is obtained for use.

Interest and investment income is recognized on the accrual basis as it is earned.

#### d) Cash

The Authority considers deposits readily available for use as cash. All other cash like instruments are classified as investments.

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**

*For the year ended December 31, 2025*

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**2. Significant accounting policies (continued from previous page)**

**e) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

<b>Asset</b>	<b>Useful Life - Years</b>	<b>Method</b>
Land and land improvements		Not amortized
Buildings, dams and related structures	50 years	Straight-line method
Machinery and equipment	10 - 20 years	Straight-line method
Furniture and fixtures	7 years	Straight-line method
Motor vehicles	5 – 15 years	Straight-line method
Computer hardware and software	3 - 5 years	Straight-line method

One-half of normal amortization is charged in the year of acquisition. There is no amortization charged in the year of disposal. Assets under construction are not amortized until the year after the asset is available for productive use.

The Authority records donated tangible capital assets at fair value at the date of contribution when fair value can reasonably be estimated. When a fair value cannot be determined, the tangible capital asset is recorded at a nominal value.

Government assistance related to tangible capital assets and other contributions are recognized in revenue when received, except in cases where the funding agreement includes stipulations that create a liability. In these circumstances the revenue associated with such stipulations is deferred and is recognized on a systematic basis over the duration of the agreement.

**f) Financial instruments**

**(i) Measurement of financial instruments**

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Authority subsequently measures its financial assets and financial liabilities at amortized cost.

The financial instruments of the Authority consist of cash, accounts receivable, investments, long-term investments, forestry reserve, and accounts payable and accrued liabilities. All financial instruments are recognized at amortized cost or fair value.

Cash, accounts receivable, forestry reserve, and accounts payable and accrued liabilities are measured at amortized cost. Investments and long-term investments are measured at fair value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured at cost or amortized cost.

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the statement of remeasurement gains and losses until disposition. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

**2. Significant accounting policies (continued from previous page)**

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the Statement of Operations and Accumulated Surplus. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Statement of Operations and Accumulated Surplus up to the amount of the previously recognized impairment.

**g) Asset retirement obligation**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Authority to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Authority reviews the carrying amount of the liability. The Authority recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Authority continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**

*For the year ended December 31, 2025*

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**2. Significant accounting policies (continued from previous page)**

***h) Contaminated sites***

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or living organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Authority is directly responsible or accepts responsibility for the liability;
- (iv) future economic benefits will be given up; and
- (v) a reasonable estimate of the liability can be made.

***i) Reserves and reserve funds***

Upon approval of the Authority Executive Committee or Board of Directors, appropriations are made to (from) operations for future expenditures and contingencies. A reserve fund indicates cash that has been set aside as restricted assets, whereas a reserve is an appropriation of surplus and no cash is set aside.

The Authority has the following reserves and reserve funds:

- Forestry reserve fund – This reserve has been set aside to assist the Authority’s forestry program with certain restrictions for its use.
- Administration centre reserve – This reserve is established to support maintenance and capital requirements of the administration centre and its associated property.
- Coldstream remedial reserve – This reserve is comprised of a court award in the amount of \$10,000 identified for remedial work upstream of the Coldstream Reservoir less actual expenditures on remedial work.
- Conservation services reserve – The Authority has long-term contracts with land owners for vegetation control in plantations. This reserve has been set up to help offset future costs.
- General conservation areas reserve – This reserve is to assist with the capital refurbishing or capital development of regional conservation areas.
- Insurance reserve – The Authority has increased the property insurance deductible to \$10,000, thereby reducing the insurance premiums and assuming increased risk. This reserve has been established to assist with insurance losses.
- Land management reserve – This reserve is established to support the acquisition, development and operation of natural heritage features such as forests, wetlands, meadows, lakes and streams including use of these features by the public.
- McKeough property management reserve – This reserve is comprised of accumulated surpluses from management of the McKeough lands. Funds from this reserve are used for management and maintenance of the McKeough upstream floodway in excess of 2,000 acres.
- Oil and gas reserve – This reserve of Provincial funds maintained by the Authority has been created from oil and gas royalties and long-term leases on deposits located on the Authority’s land.
- Planning reserve – This reserve is to assist with unexpected legal fees, consulting fees, staff requirements, etc. when required to defend the Authority’s development, interference with wetlands and alterations to shorelines’ watercourse regulations, as well as other related unexpected planning matter, which may require funds.
- Property sales reserve – This reserve is set up from proceeds received on the sale of the Authority’s land. The province has allowed the Authority to keep these funds in a reserve.
- Highland Glen reserve – This reserve is used for capital replacement projects at Highland Glen including parking, trails, and dock work.
- Resource awareness reserve – This reserve has been created from donations and is to be used to support the Authority’s resource awareness program.
- Vehicles and equipment reserve – This reserve is used for vehicle and equipment operations maintenance and replacement.

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**

*For the year ended December 31, 2025*

**3. Cash**

Cash includes a bank account earning interest at prime rate less 1.8% (2024 – prime rate less 1.8%). During the year, \$254,136 of interest income was earned (2024 - \$408,341).

**4. Investments**

Investments are comprised of:

	2025	2024
Guaranteed investment certificates, maturing at various dates in 2025, earning interest at rates varying between 4.02% and 5.25% per annum, recorded at amortized cost	\$ -	\$ 400,000
Guaranteed investment certificates, maturing at various dates in 2026, earning interest at rates varying between 3.40% and 5.23% per annum, recorded at amortized cost	800,000	-
Mutual funds, no specified maturity or yield (recorded at fair market value)	796,236	776,835
	<b>\$ 1,596,236</b>	<b>\$ 1,176,835</b>

The above noted mutual funds recorded at fair market value are Level 1 investments. There were no transfers between level 1, 2, and 3.

**5. Accounts receivable**

Included in accounts receivable is \$241,026 (2024 - \$179,415) owed from St. Clair Region Conservation Foundation, a related party (relationship with related party described in note 14).

**6. Long-term investments**

Long-term investments are comprised of:

	2025	2024
Guaranteed investment certificates, maturing at various dates between 2026 and 2029, earning interest at rates varying between 3.73% and 5.27% per annum, recorded at amortized cost	\$ -	\$ 1,100,000
Guaranteed investment certificates, maturing at various dates between 2027 and 2030, earning interest at rates varying between 3.73% and 5.27% per annum, recorded at amortized cost	800,000	-
Libro Credit Union member shares (recorded at amortized cost)	77,719	72,952
	<b>\$ 877,719</b>	<b>\$ 1,172,952</b>

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**7. Forestry reserve**

Restricted assets consist of a bank account held for the Forestry Reserve. The bank account earns interest at 0.25% (2024 – 0.25%). This reserve has been set aside to assist the Authority’s forestry program with certain restrictions for its use.

**8. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are the following government remittances payable:

	2025	2024
Source deductions and EHT	\$ 28,453	\$ 26,213
WSIB	3,985	3,563
	<b>\$ 32,438</b>	<b>\$ 29,776</b>

**9. Deferred revenue – projects**

The Authority receives specified project funding from a mix of Provincial and Federal grants, other grants and other income where the projects have defined restrictions, delivery and completion time frames. The deferred amount results from a difference in the project timing completion and funding window. Provincial and Federal Grants are funded from April 1<sup>st</sup> to March 31<sup>st</sup>. If a project is not completed or under expenditure occurs then these funds may have to be returned to the funding body, at their request.

	2025	2024
Balance, beginning of year	\$ 3,214,931	\$ 4,230,541
Contributions received in the year	5,073,176	6,437,433
Revenue recognized in the year	(5,491,905)	(7,453,043)
Balance, end of year	<b>\$ 2,796,202</b>	<b>\$ 3,214,931</b>

**10. Deferred revenue - other**

The Authority receives specified project funding from third parties with defined restrictions and deliverables. No completion requirement dates have been set for this funding. These funds will be recognized when spent on the specified projects.

	2025	2024
Balance, beginning of year	\$ 504,013	\$ 551,603
Contributions received in the year	105,834	105,275
Revenue recognized in the year	(105,274)	(152,865)
Balance, end of year	<b>\$ 504,573</b>	<b>\$ 504,013</b>

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**11. Tangible capital asset transactions**

During the year, the Authority purchased \$572,664 (2024 - \$387,153) of tangible capital assets and incurred amortization expense on tangible capital assets of \$505,019 (2024 - \$457,138). The Authority received proceeds on disposal of tangible capital assets of \$58,004 (2024 - \$15,500) resulting in a gain on disposal of tangible capital assets of \$50,203 (2024 – gain of \$2,662).

**12. Deferred capital contributions**

During the year the Authority received grant funding that was used to acquire certain tangible capital assets. As the related funding agreement includes stipulations requiring the assets to be held and maintained through the end of the grant term, the associated revenue has been deferred and will be recognized on a systematic basis over the duration of the agreement.

	2025	2024
Balance, beginning of year	\$ -	\$ -
Deferred capital contributions received in the year	391,884	-
Deferred capital contributions recognized as federal and provincial grant revenue in the year	(156,754)	-
Balance, end of year	\$ 235,130	\$ -

**13. Pension agreements**

The Authority makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The 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. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2025 was \$310,742 (2024 - \$287,289). The contribution rate for 2025 was 9.0% to 15.8% depending on age and income level (2024 – 9.0% to 15.8%)

OMERS is a multi-employer plan, therefore 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. The last available report for the OMERS plan was December 31, 2024. At that time, the plan reported a \$2.9 billion actuarial deficit (2024 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$142.49 billion (2024 - \$136.12 billion) and actuarial assets of \$139.58 billion (2024 - \$131.98 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

**14. Related party transactions**

a) During the year, the Authority entered into transactions with a related party, the St. Clair Region Conservation Foundation (the “Foundation”). The Foundation is a separate entity that is a registered charitable organization. The Foundation’s purpose is to raise funds to support the conservation programs of the St. Clair Region Conservation Authority (the “Authority”) as approved by the Board of the Foundation. The Authority appoints one member to the board of directors of the Foundation but does not control it. These financial statements do not consolidate the financial position or results of operation of the Foundation as it is an uncontrolled entity.

b) Transactions

	2025	2024
Revenue		
Conservation areas	\$ 53,153	\$ 87,417
Donations	164,365	249,250
	\$ 217,518	\$ 336,667

**St. Clair Region Conservation Authority**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**14. Related party transactions (continued from previous page)**

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**15. Segmented information**

The Authority provides a range of services to members. Distinguishable functional segments have been separately disclosed in the segmented information schedule. The nature of those segments and the activities they encompass are as follows:

*Administration*

Administration includes support to staff, management and the board of directors, all aspects of financial accounting and management, creation and monitoring of budgets, collection of accounts, frontline reception and other related services.

*Capital Development*

Capital development includes acquisition of tangible capital assets, conservation area development expenses, special projects carried out on behalf of members and other related services.

*Operations*

Operations includes activities relating to source water protection, planning, flood control and forecasting, erosion control, ice management, technical studies, community relations and other related services.

*Property Management*

Property management includes management of certain conservation properties on behalf of members.

*Conservation Area Maintenance*

Conservation area maintenance includes activities relating to the operation and maintenance of conservation areas.

**16. Budget figures**

The unaudited budget figures that were included as comparative amounts are those as approved by the Board of Directors on December 12, 2024.

**17. Financial instruments and risks**

Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant risks. There have been no changes in the Authority's risk exposures from the prior year.

*Credit risk*

The Authority is exposed to credit risk through its cash and accounts receivable. The Authority reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The majority of the Authority's receivables are from government entities. The Authority mitigates its exposure to credit loss by placing its cash with major financial institutions.

*Liquidity risk*

Liquidity risk is the risk that the Authority will not be able to meet its obligations as they become due. The Authority manages this risk by establishing budgets and funding plans to fund its expenses.

# St. Clair Region Conservation Authority

## Notes to the Financial Statements

*For the year ended December 31, 2025*

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### **18. Contingent Liabilities**

From time to time, the Authority is subject to claims and other lawsuits that arise in the course of ordinary business, in which damages have been sought. These matters may give rise to future liabilities for which the Authority maintains insurance coverage to mitigate such risks. The outcome of these actions is not determinable, and accordingly, no provision has been made in these financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

### **19. Significant event**

In 2025, the Province of Ontario passed *Bill 68, Plan to Protect Ontario Act (Budget Measures), 2025 (No.2)*, which includes establishing a provincial oversight body for conservation authorities within Ontario. The oversight body will oversee the governance, operations and proposed consolidation of conservation areas within Ontario. As at the date of our report, limited information is available regarding the nature and extent of the implementation of Bill 68 and the potential impact on future operations of the Authority is currently unknown.

**St. Clair Region Conservation Authority**  
**Schedule 1 - Segmented Information**

*For the year ended December 31, 2025*

	<i>Administration</i>	<i>Capital Development</i>	<i>Operations</i>	<i>Property Management</i>	<i>Conservation Area Maintenance</i>	<i>Total 2025</i>
<b>Revenue</b>						
Grants - section 39	\$ 33,038	\$ -	\$ 127,000	\$ -	\$ -	\$ 160,038
Grants - Federal and Provincial (Note 9)	-	685,593	2,015,696	-	-	2,701,289
Municipal levies - general	666,082	-	1,009,868	-	-	1,675,950
Municipal levies - special	-	262,696	197,175	-	131,820	591,691
Conservation areas (Note 14)	-	-	-	-	1,771,456	1,771,456
Donations (Note 14)	-	-	154,548	-	28,625	183,173
Fees	1,000	-	498,602	68,986	-	568,588
Gain on diposal of tangible capital assets (Note 11)	-	50,203	-	-	-	50,203
Interest and investment income	350,033	-	-	-	-	350,033
Other grants (Note 10)	-	-	694,740	9,451	-	704,191
Other income	188,262	1,308	26,301	102,806	-	318,677
Change in deferred revenue (Note 9)	-	110,394	295,104	748	12,483	418,729
<b>Total revenue</b>	<b>1,238,415</b>	<b>1,110,194</b>	<b>5,019,034</b>	<b>181,991</b>	<b>1,944,384</b>	<b>9,494,018</b>
<b>Expenditures</b>						
Amortization of tangible capital assets (Note 11)	-	505,019	-	-	-	505,019
Equipment rental and purchases	1,832	-	-	-	-	1,832
Materials and supplies	5,349	-	-	-	-	5,349
Other	343,883	4,901	1,526,029	93,757	914,170	2,882,740
Travel expenses and allowances	4,470	-	-	-	-	4,470
Utilities	11,665	-	-	-	-	11,665
Wages and benefits	594,922	-	3,062,984	197,813	943,738	4,799,457
Water erosion control infrastructure	-	867,385	-	-	-	867,385
<b>Total expenditures</b>	<b>962,121</b>	<b>1,377,305</b>	<b>4,589,013</b>	<b>291,570</b>	<b>1,857,908</b>	<b>9,077,917</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 276,294</b>	<b>\$ (267,111)</b>	<b>\$ 430,021</b>	<b>\$ (109,579)</b>	<b>\$ 86,476</b>	<b>\$ 416,101</b>

**St. Clair Region Conservation Authority**  
**Schedule 1 - Segmented Information**

*For the year ended December 31, 2024*

	<i>Administration</i>	<i>Capital Development</i>	<i>Operations</i>	<i>Property Management</i>	<i>Conservation Area Maintenance</i>	<i>Total 2024</i>
<b>Revenue</b>						
Grants - section 39	\$ 33,038	\$ -	\$ 127,000	\$ -	\$ -	\$ 160,038
Grants - Federal and Provincial (Note 9)	-	2,648,015	1,382,549	-	5,352	4,035,916
Municipal levies - general	601,837	-	1,004,463	-	5,045	1,611,345
Municipal levies - special	-	842,307	241,176	-	116,344	1,199,827
Conservation areas (Note 14)	-	-	-	-	1,666,155	1,666,155
Donations (Note 14)	-	-	80,880	-	177,033	257,913
Fees	-	-	613,723	63,227	-	676,950
Gain on diposal of tangible capital assets (Note 11)	-	2,662	-	-	-	2,662
Interest and investment income	506,923	-	-	-	-	506,923
Other grants (Note 10)	-	-	469,788	-	15,500	485,288
Other income	75,417	14,682	69,883	253,126	2,957	416,065
Change in deferred revenue (Note 9)	25,000	1,142,529	(117,495)	717	(35,141)	1,015,610
<b>Total revenue</b>	<b>1,242,215</b>	<b>4,650,195</b>	<b>3,871,967</b>	<b>317,070</b>	<b>1,953,245</b>	<b>12,034,692</b>
<b>Expenditures</b>						
Amortization of tangible capital assets (Note 11)	-	457,138	-	-	-	457,138
Conservation area development	-	26,566	-	-	-	26,566
Equipment rental and purchases	1,832	-	-	-	-	1,832
Materials and supplies	5,737	-	-	-	-	5,737
Other	232,740	-	989,130	66,201	977,153	2,265,224
Travel expenses and allowances	8,107	-	-	-	-	8,107
Utilities	11,351	-	-	-	-	11,351
Wages and benefits	552,401	-	2,547,810	209,734	849,679	4,159,624
Water erosion control infrastructure	-	4,433,846	-	-	-	4,433,846
<b>Total expenditures</b>	<b>812,168</b>	<b>4,917,550</b>	<b>3,536,940</b>	<b>275,935</b>	<b>1,826,832</b>	<b>11,369,425</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 430,047</b>	<b>\$ (267,355)</b>	<b>\$ 335,027</b>	<b>\$ 41,135</b>	<b>\$ 126,413</b>	<b>\$ 665,267</b>

St. Clair Region Conservation Authority

Schedule 2 - Tangible Capital Assets

For the year ended December 31, 2025

	Cost			Accumulated Amortization				2025	
	Opening Balance	Additions	Disposals	Balance End of Year	Accumulated Amortization, Beginning of Year	Reversals	Amortization	Accumulated Amortization, End of Year	Net Carrying Amount, End of Year
Land and land improvements	\$ 13,121,082	\$ -	\$ -	\$ 13,121,082	\$ -	\$ -	\$ -	\$ -	\$ 13,121,082
Buildings, dams and related structures	21,032,734	-	-	21,032,734	19,305,335	-	373,230	19,678,565	1,354,169
Machinery and equipment	173,159	391,884	-	565,043	82,561	-	19,030	101,591	463,452
Motor vehicles	847,453	155,103	138,171	864,385	480,840	130,370	96,923	447,393	416,992
Furniture and fixtures	83,735	-	-	83,735	82,834	-	601	83,435	300
Computer hardware and software	124,671	25,677	12,299	138,049	97,283	12,299	15,235	100,219	37,830
<b>Total</b>	<b>\$ 35,382,834</b>	<b>\$ 572,664</b>	<b>\$ 150,470</b>	<b>\$ 35,805,028</b>	<b>\$ 20,048,853</b>	<b>\$ 142,669</b>	<b>\$ 505,019</b>	<b>\$ 20,411,203</b>	<b>\$ 15,393,825</b>

	Cost			Accumulated Amortization				2024	
	Opening Balance	Additions	Disposals	Balance End of Year	Accumulated Amortization, Beginning of Year	Reversals	Amortization	Accumulated Amortization, End of Year	Net Carrying Amount, End of Year
Land and land improvements	\$ 13,121,082	\$ -	\$ -	\$ 13,121,082	\$ -	\$ -	\$ -	\$ -	\$ 13,121,082
Buildings, dams and related structures	21,032,734	-	-	21,032,734	18,932,105	-	373,230	19,305,335	1,727,399
Machinery and equipment	109,423	63,736	-	173,159	75,859	-	6,702	82,561	90,598
Motor vehicles	659,943	290,549	103,039	847,453	500,689	90,201	70,352	480,840	366,613
Furniture and fixtures	83,735	-	-	83,735	82,233	-	601	82,834	901
Computer hardware and software	139,503	32,868	47,700	124,671	138,730	47,700	6,253	97,283	27,388
<b>Total</b>	<b>\$ 35,146,420</b>	<b>\$ 387,153</b>	<b>\$ 150,739</b>	<b>\$ 35,382,834</b>	<b>\$ 19,729,616</b>	<b>\$ 137,901</b>	<b>\$ 457,138</b>	<b>\$ 20,048,853</b>	<b>\$ 15,333,981</b>