



## Financial Statements

Lakehead Region Conservation Authority

December 31, 2024

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# Independent Auditor's Report

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To the Members of Lakehead Region Conservation Authority

## Opinion

We have audited the financial statements of Lakehead Region Conservation Authority ("the Authority"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lakehead Region Conservation Authority as at December 31, 2024, and its results of 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 these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Doane Grant Hunter LLP*

Thunder Bay, Canada  
May 27, 2025

Chartered Professional Accountants  
Licensed Public Accountants

# Lakehead Region Conservation Authority

## Statement of Financial Position

As at December 31

2024

2023

### Financial assets

Cash and cash equivalents	\$ 1,193,738	\$ 1,030,276
Investments <i>[note 3]</i>	6,500,000	6,000,000
Accounts receivable	<u>350,800</u>	<u>379,556</u>
<b>Total financial assets</b>	<b><u>8,044,538</u></b>	<b><u>7,409,832</u></b>

### Liabilities

Accounts payable and accrued liabilities	154,600	120,356
Deferred revenue – projects <i>[note 8]</i>	<u>4,842,817</u>	<u>4,509,194</u>
<b>Total liabilities</b>	<b><u>4,997,417</u></b>	<b><u>4,629,550</u></b>

### Net financial assets

<b><u>3,047,121</u></b>	<b><u>2,780,282</u></b>
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### Non-financial assets

Tangible capital assets - net <i>[note 2] [schedule 2]</i>	4,685,267	4,884,825
Prepaid expenses	<u>7,962</u>	<u>8,946</u>
	<b><u>4,693,229</u></b>	<b><u>4,893,771</u></b>

### Accumulated surplus *[schedule 1]*

<b><u>\$ 7,740,350</u></b>	<b><u>\$ 7,674,053</u></b>
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See accompanying notes to the financial statements.

# Lakehead Region Conservation Authority

## Statement of Operations and Accumulated Surplus

Year ended December 31	2024	2024	2023
	Budget [note 7]	Actual	Actual
<b>REVENUE [note 9]</b>			
Provincial grants	\$ 348,732	\$ 327,203	\$ 416,235
Municipal levy – all	1,109,717	1,174,410	994,543
Municipal levy – sole benefitting city	744,974	316,911	191,160
Self generated	341,214	815,854	672,957
Other	414,019	443,118	206,564
<b>Total revenue</b>	<b>2,958,656</b>	<b>3,077,496</b>	<b>2,481,459</b>
<b>EXPENSES</b>			
<b>Mandatory programs and services (Category 1)</b>			
Corporate services	959,560	966,850	899,899
Risk of natural hazards	1,048,714	676,268	542,850
Conservation and management of lands owned and Controlled by the Authority	455,875	485,872	353,407
Source water protection	68,792	70,599	62,293
Other programs and services	22,870	40,613	16,964
	<b>2,558,811</b>	<b>2,240,202</b>	<b>1,875,413</b>
<b>Non-mandatory programs and services at the request of a Municipality (Category 2)</b>			
Mapping services	16,000	11,335	16,675
<b>Non-mandatory programs and services (Category 3)</b>			
Education	103,882	72,660	54,799
Stewardship	272,963	415,818	199,440
Other	10,000	—	7,632
	<b>386,845</b>	<b>488,478</b>	<b>261,871</b>
<b>Amortization of tangible capital assets</b>	<b>271,184</b>	<b>271,184</b>	<b>268,802</b>
<b>Total expenses</b>	<b>3,229,840</b>	<b>3,011,199</b>	<b>2,422,761</b>
<b>Annual surplus (deficit)</b>	<b>(271,184)</b>	<b>66,297</b>	<b>58,698</b>
Accumulated surplus, beginning of year,	—	7,674,053	7,615,355
<b>Accumulated surplus (deficit), end of year</b>	<b>\$ (271,184)</b>	<b>\$ 7,740,350</b>	<b>\$ 7,674,053</b>

See accompanying notes to the financial statements.

# Lakehead Region Conservation Authority

## Statement of Changes in Net Financial Assets

Year ended December 31	2024	2024	2023
	Budget [note 7]	Actual	Actual
<b>Annual surplus (deficit)</b>	<b>\$ (271,184)</b>	<b>\$ 66,297</b>	<b>\$ 58,698</b>
Acquisition of tangible capital assets	—	(71,626)	(604,733)
Amortization of tangible capital assets	271,184	271,184	268,802
Use of prepaid expenses	—	984	23
<b>(Decrease) increase in net financial assets</b>	<b>—</b>	<b>266,839</b>	<b>(277,210)</b>
Net financial assets, beginning of year	<u>2,780,282</u>	<u>2,780,282</u>	<u>3,057,492</u>
<b>Net financial assets, end of year</b>	<b><u>\$ 2,780,282</u></b>	<b><u>3,047,121</u></b>	<b><u>\$ 2,780,282</u></b>

See accompanying notes to the financial statements.

# Lakehead Region Conservation Authority

## Statement of Cash Flows

Year ended December 31

2024

2023

### Operations

Annual surplus (deficit)	\$ 66,297	\$ 58,698
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### Non-cash charges

Amortization of tangible capital assets	271,184	268,802
	<u>337,481</u>	<u>327,500</u>

### Net change in non-cash working capital balances

Decrease (increase) in accounts receivable	28,756	(151,768)
Increase in accounts payable and accrued liabilities	34,244	96,926
Increase in deferred revenue - projects	333,623	660,111
Increase (decrease) in prepaid expenses	984	23
<b>Cash provided by operating transactions</b>	<u><b>735,088</b></u>	<u><b>932,792</b></u>

### Capital

Acquisition of tangible capital assets	(71,626)	(604,733)
<b>Cash used in capital transactions</b>	<u><b>(71,626)</b></u>	<u><b>(604,733)</b></u>

### Investing

Increase in investments	(500,000)	(400,000)
<b>Cash used in investing transactions</b>	<u><b>(500,000)</b></u>	<u><b>(400,000)</b></u>

### Increase (decrease) in cash and cash equivalents

Opening cash and cash equivalents	1,030,276	1,102,217
	<u>1,030,276</u>	<u>1,102,217</u>

<b>Closing cash and cash equivalents</b>	<u><b>\$ 1,193,738</b></u>	<u><b>\$ 1,030,276</b></u>
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See accompanying notes to the financial statements.



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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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### **Nature of business**

The Lakehead Region Conservation Authority (the "Authority") is established under the Conservation Authorities' Act of Ontario and its principal activities include water and related land management, and conservation and recreation land management.

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### **1. Significant accounting policies**

#### **Basis of accounting**

The financial statements of the Authority are prepared by management in accordance with accounting policies generally accepted for organizations operating in the local government sector as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant accounting policies are as follows:

[a] Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in banks.

[b] Accrual accounting

The Authority uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

[c] Revenue recognition

#### **Government transfers**

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized, and all eligible criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Authority are recorded as an expense when they are authorized, and the recipient meets all eligible criteria.

#### **Municipal levies**

Municipal levies are recognized as revenue in the period in which the budgeted expenditures occur. Unexpended levies for specific purposes are deferred for future expenses.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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### Other revenue

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Interest is recognized as it is earned. Investment income earned on surplus and reserve funds are reported as revenue in the period earned.

Sales are recognized as revenue in the period when the goods are delivered.

Funds received, other than government transfers, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized in the Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purposes.

### [d] 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 reporting period. Actual results could differ from these estimates. The most significant estimate in these financial statements include allowance for doubtful amounts receivable, estimated useful lives of assets and asset retirement obligations.

### [e] Pension and employee benefits

The Authority accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

### [f] Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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### 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, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	5 to 50 years
Flood control	10 to 50 years
Land improvements	10 to 20 years
Vehicles and equipment	5 years

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

### [g] Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

### [h] Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

- 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 measured at the Authority's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

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### 2. Tangible capital assets

Schedule 3 provides information about the tangible capital assets of the Authority by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2024 [2023 - \$nil].

Interest capitalized during 2024 was \$nil [2023 - \$nil].

There were no contributed tangible capital assets in 2024 [2023 - \$nil].

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. This includes land inherited and purchased before 1974. Land purchased after 1974 is recorded at original cost. Land improvements that were completed before 1998 may also have a nominal value due to the difficulty in determining an appropriate value.

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### 3. Investments

Investments consist of a non-redeemable guaranteed investment certificate maturing in May, 2025, yielding interest at 4.86%.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

### 4. Levies from participating municipalities

	<u>2024</u>	<u>2023</u>
[a] Administration		
Thunder Bay	\$ 253,429	\$ 286,420
Shuniah	14,614	16,394
Oliver-Paipoonge	16,359	18,329
Neebing	6,665	7,530
Dorion	850	952
O'Connor	1,409	1,572
Conmee	1,311	1,463
Gillies	730	833
	<u>\$ 295,367</u>	<u>\$ 333,493</u>
[b] Capital projects		
Thunder Bay	\$ 1,443,696	\$ 1,254,181
Shuniah	40,292	71,787
Oliver-Paipoonge	45,104	80,261
Neebing	18,376	32,971
Dorion	2,345	4,169
O'Connor	3,884	6,884
Conmee	3,616	6,406
Gillies	2,011	3,647
	<u>\$ 1,559,324</u>	<u>\$ 1,460,306</u>
[c] Increase in municipal deferred revenue	<u>\$ 363,370</u>	<u>\$ 608,096</u>

Lakehead Region Conservation Authority  
Notes to the Financial Statements

December 31, 2024

5. Continuity of reserves

	2024												2023	
	Reserve Accounts													
	Administrative													
	Operating Reserve	Administrative Reserve Maintenance	Reserve New Facility	Vehicle and Equipment	Insurance Fund	Legal Fees Reserve	Conservation Area Capital	Hazelwood Lake Reserve	Forest Management Reserve	Land Acquisition Reserve	Urban Conservation Reserve	Seeds for Conservation Reserve	Total	Total
Balance, beginning of year	\$1,409,479	\$352,276	\$ 32,310	\$ 60,161	\$ 32,427	\$ 120,402	\$ 305,310	\$ 60,000	\$ 127,531	\$ 248,498	\$ —	\$ —	\$2,748,394	\$2,984,379
Transfer to reserves	50,000	—	—	12,920	1,493	—	73,156	20,000	—	—	15,000	43,629	216,198	225,377
Transfer from reserves	—	(71,625)	—	—	(1,775)	—	(25,000)	—	—	—	—	—	(98,400)	(461,360)
Balance, end of year	<u>\$1,459,479</u>	<u>\$280,651</u>	<u>\$ 32,310</u>	<u>\$ 73,081</u>	<u>\$ 32,145</u>	<u>\$ 120,402</u>	<u>\$ 353,466</u>	<u>\$ 80,000</u>	<u>\$ 127,531</u>	<u>\$ 248,498</u>	<u>\$ 15,000</u>	<u>\$ 43,629</u>	<u>\$2,866,192</u>	<u>\$2,748,396</u>

# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

### 6. Expenditures by object

	<u>2024</u>	<u>2023</u>
Salaries, wages and employee benefits	\$1,400,894	\$1,272,956
Materials, services and rents	1,339,121	881,004
Amortization	<u>271,184</u>	<u>268,802</u>
	<u>\$3,011,199</u>	<u>\$2,422,762</u>

### 7. Budget figures

The operating budget approved by the Authority for 2024 is reflected on the statement of operations and accumulated surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses.

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations and accumulated surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan per the financial statements.

	<b>PSAB Adjusted Budget \$</b>
<b>Adopted budget:</b>	
Budgeted annual surplus for year	\$ —
<b>Adjust revenues:</b>	
Transfers from reserves	(108,124)
<b>Adjust expenses:</b>	
Acquisition of tangible capital assets	(7,337)
Transfers to reserves	(100,787)
Amortization of tangible capital assets	<u>271,184</u>
<b>Increase (decrease) in net financial assets</b>	<u><b>(\$ 271,184)</b></u>

# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

### 8. Deferred revenue

	<u>2024</u>	<u>2023</u>
City of Thunder Bay	\$3,678,649	\$3,327,550
All municipalities	616,611	677,052
Other	<u>547,557</u>	<u>504,592</u>
	<u>\$4,842,817</u>	<u>\$4,509,194</u>

### 9. Revenue breakdown

<b>Self generated</b>	<u>2024</u>	<u>2023</u>
Interest	\$ 399,214	\$ 320,037
Conservation area collections	130,919	135,989
Permits and fees	51,384	54,937
Education funding	72,660	54,800
Vehicle and equipment charges	55,003	51,868
Mapping	11,335	16,675
Seeds for conservation revenue	43,629	—
Other	<u>51,710</u>	<u>38,651</u>
	<u>\$ 815,854</u>	<u>\$ 672,957</u>
 <b>Other</b>		
Grants and funding	\$ 415,818	\$ 198,933
Other	<u>27,300</u>	<u>7,631</u>
	<u>\$ 443,118</u>	<u>\$ 206,564</u>

### 10. Pension agreements

The pension 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all the pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$141,028 million with respect to benefits accrued for services with actuarial assets at that date of \$138,200 million indicating an actuarial deficit of \$2,828 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organization and their employees. As a result, the Authority does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2024 was \$74,702 [2023 - \$90,088] for current service.



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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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### 11. Financial instruments

#### Risk disclosures

##### Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to discharge their obligation (e.g., pay the accounts receivable owing to the Authority). The Authority is exposed to this risk arising from its cash, investments and accounts receivable.

The Authority holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash accounts are insured up to \$100,000 (2023 - \$100,000) per account.

Accounts receivable are due from government and others and are all current. The Authority measures its exposure to credit risk based on the nature of the creditor and how long the amounts have been outstanding. At year end, the Authority has not allowed for any doubtful accounts [2023 - \$nil].

The Authority's Investment Policy allows for various investments based on dollar value and authorization guidelines. The CAO can authorize investments (GICS, HISA accounts) up to \$2,000,000, for a period up to one year, and where the capital is guaranteed. The Board of Directors can authorize investments greater than \$2,000,000, for period greater than one year, or where the capital is not guaranteed. Annually, a summary investment report will be presented to the Board of Directors outlining investments made over the previous fiscal year.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

##### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows. Accounts payable range from 0-60 days.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

##### 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 comprises three types of risk: currency risk, interest rate risk and other price risk. Investments consist of a GIC with a fixed interest rate.

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# Lakehead Region Conservation Authority

## Notes to the Financial Statements

December 31, 2024

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### **Interest rate risk**

Interest rate risk is the potential for financial loss caused by fluctuations in the future cash flows of financial instruments because of changes in market interest rates. The Authority is exposed to this risk through its interest-bearing investment. Given the current composition of its investment, the fixed-rate guaranteed investment certificate exposes the Authority to a fair value risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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### **12. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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# Lakehead Region Conservation Authority

## Accumulated Surplus

## Schedule 1

Year ended December 31

2024

2023

General	\$ 188,891	\$ 40,832
Investment in capital assets	<u>4,685,267</u>	<u>4,884,825</u>
	<u>4,874,158</u>	<u>4,925,657</u>

### Reserves set aside for specific purposes [note 5]

For operating reserve	1,459,479	1,409,479
For administrative reserve maintenance	280,651	352,277
For administrative reserve new facility	32,310	32,311
For vehicle and equipment reserve	73,081	60,161
For forest management reserve	127,531	127,531
For land acquisition reserve	248,498	248,498
For insurance reserve	32,145	32,427
For legal fees reserve	120,402	120,402
For conservation area maintenance capital reserve	353,466	305,310
For hazelwood lake dam reserve	80,000	60,000
For urban conservation area	15,000	—
For seeds for conservation	<u>43,629</u>	<u>—</u>
	<u>2,866,192</u>	<u>2,748,396</u>

<b>Accumulated surplus, end of year</b>	<b>\$ 7,740,350</b>	<b>\$ 7,674,053</b>
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# Lakehead Region Conservation Authority

## Tangible Capital Assets

## Schedule 2

Year ended December 31

2024

2023

	Land	Buildings	Vehicles and Equipment	Land Improvements	Flood Control	Total	Total
<b>Net book value, beginning of year</b>	<b><u>\$2,173,258</u></b>	<b><u>\$ 631,907</u></b>	<b><u>\$ 42,393</u></b>	<b><u>\$ 475,885</u></b>	<b><u>\$1,561,382</u></b>	<b><u>\$ 4,884,825</u></b>	<b><u>\$ 4,548,894</u></b>
<b>Cost</b>							
Balance, beginning of year	2,173,258	1,454,841	234,530	923,256	8,669,031	13,454,916	12,850,183
Add: Additions	—	71,626	—	—	—	71,626	604,733
Less: Disposals	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance, end of year	<b><u>2,173,258</u></b>	<b><u>1,526,467</u></b>	<b><u>234,530</u></b>	<b><u>923,256</u></b>	<b><u>8,669,031</u></b>	<b><u>13,526,542</u></b>	<b><u>13,454,916</u></b>
<b>Accumulated amortization</b>							
Balance, beginning of year	—	822,934	192,137	447,371	7,107,649	8,570,091	8,301,289
Add: Amortization	<u>—</u>	<u>40,792</u>	<u>14,131</u>	<u>45,128</u>	<u>171,133</u>	<u>271,184</u>	<u>268,802</u>
Balance, end of year	<u>—</u>	<b><u>863,726</u></b>	<b><u>206,268</u></b>	<b><u>492,499</u></b>	<b><u>7,278,782</u></b>	<b><u>8,841,275</u></b>	<b><u>8,570,091</u></b>
<b>Net book value, end of year</b>	<b><u>\$2,173,258</u></b>	<b><u>\$ 662,741</u></b>	<b><u>\$ 28,262</u></b>	<b><u>\$ 430,757</u></b>	<b><u>\$1,390,249</u></b>	<b><u>\$ 4,685,267</u></b>	<b><u>\$ 4,884,825</u></b>