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Muskoka Conservancy
Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

To the Board of Directors of Muskoka Conservancy

Qualified Opinion

We have audited the accompanying financial statements of Muskoka Conservancy (the Organization) which comprise the statement of financial position as at December 31, 2025, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Muskoka Conservancy derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Muskoka Conservancy. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2025 and December 31, 2024, current assets as at December 31, 2025 and December 31, 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 qualified audit 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 accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Barrie, Ontario
June 1, 2026

Muskoka Conservancy Statement of Financial Position

December 31	2025	2024
Assets		
Current		
Cash	\$ 326,279	\$ 129,258
Accounts receivable	301,868	50,061
Prepaid expenses	2,154	-
	630,301	179,319
Restricted cash and investments (Notes 2 & 6)	818,770	849,327
Internally restricted cash and investments (Note 3)	1,866,396	2,217,097
Nature reserves (Note 4)	25,822,920	22,845,481
Conservation easements (Note 5)	14,866,778	9,010,094
	\$ 44,005,165	\$ 35,101,318
Liabilities		
Current		
Accounts payable and accrued liabilities	106,231	179,319
Long-term		
Deferred contributions (Notes 2 & 6)	818,770	849,327
	925,001	1,028,646
Net assets		
Invested in nature reserves and easements	40,689,698	31,855,576
Internally restricted net assets - legacy fund (Note 7)	600,000	800,000
Internally restricted net assets - stewardship (Note 8)	600,000	400,000
Internally restricted net assets - land acquisition (Note 9)	666,396	1,017,096
Unrestricted	524,070	-
	43,080,164	34,072,672
	\$ 44,005,165	\$ 35,101,318

On behalf of the Board:

Signed by:

Peter Love

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Board Chair

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Scott Young

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Executive Director

Muskoka Conservancy Statement of Changes in Net Assets

For the year ended December 31	Internally Restricted Legacy 2025	Internally Restricted Stewardship 2025	Internally Restricted Land Acquisition 2025	Unrestricted 2025	Nature Reserves and Easements 2025	Total 2025	Total 2024
Balance, beginning of year	\$ 800,000	\$ 400,000	\$ 1,017,096	\$ -	\$ 31,855,576	\$34,072,672	\$ 33,100,019
Excess of revenue over expenses for the year	-	-	-	524,070	-	524,070	172,782
Contributed nature reserves	-	-	-	-	1,725,000	1,725,000	200,000
Contributed easements	-	-	-	-	5,800,000	5,800,000	205,000
Nature reserves and easements purchased	-	-	-	-	958,422	958,422	394,871
Transfers	(200,000)	200,000	(350,700)	-	350,700	-	-
Balance, end of year	\$ 600,000	\$ 600,000	\$ 666,396	\$ 524,070	\$ 40,689,698	\$43,080,164	\$ 34,072,672

The accompanying notes are an integral part of these financial statements

Muskoka Conservancy Statement of Operations

For the year ended December 31	2025	(Note 10) 2024
Revenue		
Donations and membership	\$ 427,192	\$ 231,552
Donations - stewardship (Note 6)	250,000	-
Donations - in kind	45,249	25,524
Fundraising	63,984	69,495
Grants (Note 11)	11,125	4,465
Investment income	48,874	73,959
Gain on disposal of investments	24,953	163,558
Sale of products	15,364	10,065
Other	17,057	11,249
	903,798	589,867
Deferred contributions recognized (Note 6)	62,650	82,620
Unrealized gain (loss) on investments	62,434	(38,633)
	1,028,882	633,854
Expenses		
Advertising and promotion	7,553	14,606
Amortization of tangible capital assets	-	4,410
Bank charges and interest	1,627	591
Cost of products sold	10,870	11,893
Dues, fees and licenses	4,004	4,545
Fundraising costs	21,780	30,082
Insurance	8,169	7,247
Nature reserve expenses	35,342	30,046
MLA water quality expenses	35,265	26,911
Office and general	25,157	35,774
Professional fees	92,574	67,092
Property taxes	6,368	9,096
Rent	9,803	6,236
Telephone	690	375
Travel	12,120	9,505
Wages and benefits	233,490	202,663
	504,812	461,072
Excess of revenue over expenses for the year	\$ 524,070	\$ 172,782

Muskoka Conservancy Statement of Cash Flows

For the year ended December 31	2025	(Note 10) 2024
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 524,070	\$ 172,782
Adjustments for		
Amortization of capital assets	-	4,410
Deferred restricted contributions recognized as revenue	(102,650)	(82,620)
Donations - in kind	(45,249)	(24,909)
Unrealized loss (gain) on investments	(62,434)	38,633
	313,737	108,296
Changes in non-cash working capital balances		
Short-term investments	-	134,443
Accounts receivable	(251,807)	512,788
Inventory	-	8,268
Prepaid expenses	(2,154)	-
Accounts payable and accrued liabilities	(73,091)	106,472
	(13,315)	870,267
Investing activities		
Contributions received for purchase of nature reserves and conservation easements	948,422	463,763
Acquisition costs of nature reserves and conservation easements	(1,309,122)	(495,109)
Decrease (increase) in internally restricted investments	571,036	(902,199)
	197,021	(63,278)
Increase (decrease) in cash during the year	197,021	(63,278)
Cash, beginning of year	129,258	192,536
Cash, end of year	\$ 326,279	\$ 129,258

Muskoka Conservancy **Notes to Financial Statements**

December 31, 2025

1. Summary of Significant Accounting Policies

i) Nature and Purpose of Organization

Muskoka Conservancy ("organization") is incorporated without share capital under the laws of Canada. The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The mission of the organization is to ensure Muskoka's natural spaces are protected forever and to conserve nature in Muskoka.

To achieve this mission, Muskoka Conservancy operates as a land trust. As such, the organization acquires ownership of properties and legally registered agreements with private property owners to protect land for nature conservation.

ii) Basis of Accounting

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

iii) Revenue Recognition

The organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted net investment income that must be added to the principal amount of resources held for endowment is recognized as a direct increase in net assets. Internally restricted and unrestricted net investment income is recognized as revenue when earned.

Investment income earned on externally restricted deferred contributions is recognized as revenue of the related deferred contributions. All other investment income is recognized as revenue in the statement of operations when earned.

Membership revenue is prorated on an annual basis by fiscal year for new members. Membership revenue is recognized in the relative fiscal year.

Revenues from products sold are recognized when delivered to the customers.

Muskoka Conservancy
Notes to Financial Statements

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

iv) Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution.

Amortization based on the estimated useful life of the asset is calculated as follows:

Computers and equipment	- 30 - 55%	declining balance basis
Equipment	- 30%	declining balance basis
Furniture and fixtures	- 20%	declining balance basis

v) Contributed Materials and Services

Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

vi) Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist.

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

2. Restricted Cash and Investments

	2025 Book value US\$	2025 Book value CA\$ equivalent	2025 Fair Value CA\$	2024 Fair Value CA\$
CA\$ Cash	\$ -	\$ -	\$ -	\$ 95,412
CA\$ Fixed income investments	-	477,560	486,012	446,956
CA\$ Portfolio shares	-	133,703	170,637	151,163
CA\$ Foreign securities	-	4,705	6,345	6,898
US\$ Cash	11,051	15,146	15,146	-
US\$ Portfolio shares	56,315	77,185	84,363	84,402
US\$ Other	34,286	46,992	56,267	60,771
Restricted cash and investments (Note 6)	\$ 101,652	\$ 755,291	\$ 818,770	\$ 845,602

Fixed income investments consist of bonds maturing 2026 - 2035, with interest ranging from 1.1% to 3.95% (2024 - from 1.1% to 3.8%).

The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The fair value of fixed rate instruments will fluctuate as market rates change.

The organization is exposed to market risk through its long-term investments which are held in portfolio shares and mutual fund markets.

Recognition of these investments is deferred to future periods, specifically to support the ongoing and planned activities detailed in Note 6 of these financial statements.

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

3. Internally Restricted Cash and Investments

	2025		2024	
	Book value	Book value	Fair Value	Fair Value
	US\$	CA\$ equivalent	CA\$	CA\$
CA\$ Cash	\$ -	\$ 98,550	\$ 98,550	\$ 1,254,474
CA\$ Fixed income investments	-	852,392	867,347	458,168
CA\$ Portfolio shares	-	282,153	337,540	228,970
CA\$ Mutual funds	-	198,585	198,585	-
CA\$ Foreign securities	-	11,526	12,595	10,506
US\$ Cash	7,423	10,174	10,174	3,709
US\$ Portfolio shares	139,021	190,542	198,036	132,412
US\$ Mutual funds	-	-	-	34,833
US\$ Other	90,345	123,827	143,569	94,024
	<u>236,789</u>	<u>1,767,749</u>	<u>1,866,396</u>	<u>2,217,096</u>
Less stewardship portion	-	-	(600,000)	(800,000)
Less land acquisition portion	-	-	(666,396)	(1,017,096)
Less legacy fund portion (Note 7)	-	-	(600,000)	(400,000)
	<u>\$ 236,789</u>	<u>\$ 1,767,749</u>	<u>\$ -</u>	<u>\$ -</u>

Fixed income investments consist of bonds maturing 2026 - 2035, with interest ranging from 1.10% to 3.95% (2024 - from 1.1% to 3.8%).

The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The fair value of fixed rate instruments will fluctuate as market rates change.

The organization is exposed to market risk through its long-term investments which are held in portfolio shares and mutual fund markets.

The organization is exposed to credit risk arising from cash accounts being held at one financial institution and deposits are only insured up to \$100,000.

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

4. Nature Reserves

	2025	2024
Browning Island, Town of Bracebridge	\$ 1,219,033	\$ 1,219,033
Catherine Brook, Town of Huntsville	85,000	85,000
Campbell-Mason, Township of Muskoka Lakes	3,016,533	3,016,533
Dyer Memorial, Town of Huntsville	264,575	264,575
Eileen Gowan Island, Town of Bracebridge	254,740	254,740
Grand Family Memorial, Township of Muskoka Lakes	186,276	186,276
Bert Cross Family Nature Reserve, Town of Bracebridge	19,654	19,654
Indigo Marsh, Town of Huntsville	44,000	44,000
Island K, Seguin Township	2,025,104	2,025,104
Kahshe Sanctuary, Town of Gravenhurst	1,143	1,143
Kitty's Wish, Town of Huntsville	27,189	27,189
Loon Lake, Town of Gravenhurst	80,941	80,941
McLeans Bay, Town of Gravenhurst	188,500	188,500
Muskoka Delta, Town of Bracebridge	40,000	40,000
Musquash Road, Township of Muskoka Lakes	60,765	60,765
Nelson Head, Town of Huntsville	85,335	85,335
Pileated Ridge, Town of Huntsville	53,082	53,082
Pen Lake Farms, Township of Lake of Bays	211,303	211,303
Portage Lake, Seguin Township	17,918	17,918
Robinson Lake, Town of Huntsville	39,744	39,744
Stream to Skeleton Lake, Township of Muskoka Lakes	70,529	70,529
Upjohn, Town of Bracebridge	127,113	127,113
Aufheben, McKellar Township	172,863	172,863
South Monck Meadows, Town of Bracebridge	269,098	269,098
Bert and Millie's Marsh, Town of Huntsville	105,000	105,000
Pinelands Bay, Township of Muskoka Lakes	1,184,368	1,138,797
Muskoka Welcome, Town of Gravenhurst	45,520	45,520
Muskoka Welcome 2, Town of Gravenhurst	46,039	46,039
Silver Doe, Town of Gravenhurst	82,096	82,096
Source of Three Mile Lake Road, Town of Huntsville	146,181	146,181
Highland island, Township of Muskoka Lakes	3,526,559	3,526,559
Sage Creek, Town of Bracebridge	200,969	200,969
Highland Island part 4, Township of Muskoka Lakes	5,400,520	5,400,520
Barkway Lake, Town of Gravenhurst	458,998	458,998
Bear Cave-Koetitz, Township of Muskoka Lakes	1,078,913	1,078,913
Old Bangor, Town of Bracebridge	960	960
Bill Dickinson, Town of Gravenhurst	1,474,609	1,474,609
Homeboy Turner and Earl, Town of Huntsville and Township of Muskoka Lakes	1,009,764	6,236
Trussler, Town of Huntsville	735,836	7,253
Severn-Southwood, Town of Gravenhurst	289,988	289,988
Cassidy Lake, Township of Muskoka Lakes	72,653	72,653
Kee-Wellman, Township of Muskoka Lakes	203,752	203,752
Fraserburg road, Town of Bracebridge	1,024,979	-
Wood lake wetland, Town of Bracebridge	174,778	-
	\$ 25,822,920	\$ 22,845,481

During the year, land was received by donation and appraised at \$1,725,000 (2024 - \$200,000).

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

5. Conservation Easements

	2025	2024
Barisic, Town of Huntsville	\$ 1,092	\$ 1,092
Braaten, Seguin Township	1,028,500	1,028,500
Campbell-Mason, Township of Muskoka Lakes	606,952	606,952
Goering, Township of Lake of Bays	250,000	250,000
Island K, Seguin Township	1	1
Longline Lake, Township of Lake of Bays	3,000	3,000
Strawberry Mountain, Township of Lake of Bays	624,182	624,182
Turner Island, Township of Muskoka Lakes	2,006,315	2,006,315
Wolf Mountain, Township of Lake of Bays - part 1	693,500	693,500
Wolf Mountain, Township of Lake of Bays - part 2	2,050,776	2,050,776
Yoho Island, Township of Muskoka Lakes	575,000	575,000
Darker, Severn Township	1	1
Upjohn, Town of Bracebridge	6,396	6,396
Lischkoff, Township of Lake of Bays	168,211	168,211
Dahwamah Island, Seguin Township	615,536	615,536
South Monck Meadows Fitzmaurice Family, Town of Bracebridge	158,805	158,805
South Monck Meadows Fitzmaurice, Town of Bracebridge	206,034	206,034
Wegamind Island, Township of Seguin	48,630	13,424
Seeley Bay, Township of Seguin	5,823,847	2,369
	\$ 14,866,778	\$ 9,010,094

During the year, easements were received by donation and appraised at \$5,800,000 (2024 - \$205,000).

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

6. Deferred Restricted Contributions

Deferred property acquisition contributions represent externally restricted grants and donations received which have not yet been spent for the restricted purpose. The amount of revenue recognized during the year is based on expenses incurred and associated with land acquisition.

Deferred general and grant contributions represent externally restricted donations and grants received which have not yet been spent for the restricted purpose. The amount of revenue recognized during the year is based on direct and indirect expenses incurred to administer specific projects.

Deferred Dyer Memorial funds were received as part of the transfer of the lands known as the Dyer Memorial. The funds are to be used for the maintenance and benefit of the monument and memorial site designated as Part 1 on Plan 35R-22980 and are held in a separate account.

The changes in deferred restricted contributions for the year are as follows:

	Property Acquisition	Water Quality	Dyer Memorial	Total 2025	Total 2024
Balance, beginning of year	\$ 50,000	\$ -	\$ 799,327	\$ 849,327	\$ 752,800
Contributions received	948,422	25,216	-	973,638	486,213
Investment income earned	-	-	14,298	14,298	20,805
Realized gains (losses)	-	-	4,626	4,626	127,779
Unrealized gains (losses)	-	-	38,736	38,736	(60,511)
Unrealized foreign exchange gains (losses)	-	-	(783)	38,736	(268)
Contributions deferred	948,422	25,216	56,877	1,030,515	574,018
Recognized as revenue	-	(25,216)	(37,434)	(62,650)	(82,620)
Recognized as donations - stewardship	(40,000)	-	-	(40,000)	-
Invested in nature reserves and easements	(958,422)	-	-	(958,422)	(394,871)
Contributions recognized	(998,422)	(25,216)	(37,434)	(1,061,072)	(477,491)
Balance, end of year	\$ -	\$ -	\$ 818,770	\$ 818,770	\$ 849,327

Muskoka Conservancy Notes to Financial Statements

December 31, 2025

7. Internally Restricted Net Assets - Legacy Fund

The internally restricted net assets are comprised of funds known as the legacy fund. This fund represents internally restricted donations and related investment revenue which has not yet been spent. It is a fund that could sustain the conservancy should there be a catastrophic event and no revenue could be generated. It is restricted to that use and the capital should not be used.

8. Internally Restricted Net Assets - Stewardship

The internally restricted net assets are comprised of funds known as the stewardship funds (previously referred to as maintenance and defence). The purpose of these funds is to provide stability to the organization to ensure that it is able to fulfill its mandate to preserve and maintain these properties forever. The capital is not meant to be depleted.

9. Internally Restricted Net Assets - Land acquisition

The internally restricted net assets are comprised of funds known as the land acquisition funds. The purpose of these funds are to purchase nature reserves and conservation easements.

10. Comparative Amounts

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

11. Grants

Sources of grant revenue recognized as revenue in the year are as follows:

	2025	2024
Federal	\$ 11,125	\$ 4,015
Municipal	-	450
	\$ 11,125	\$ 4,465
