

GRAND RIVER CONSERVATION AUTHORITY



AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT THEREON DECEMBER 31, 2024

GRAND RIVER CONSERVATION AUTHORITY

INDEX TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

Independent Auditor's Report

Statements

1. Statement of Financial Position
2. Statement of Operations and Changes in Accumulated Surplus
3. Statement of Cash Flows
4. Statement of Changes in Net Financial Assets

Notes to the Financial Statements



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Members of Grand River Conservation Authority

Opinion

We have audited the financial statements of Grand River Conservation Authority (the "Authority"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and change in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2024, and its results of operations, its changes in net financial assets 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 auditor's 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 the 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.



Page 3

- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. A horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

March 3, 2025

STATEMENT 1

GRAND RIVER CONSERVATION AUTHORITY

(Established by the Conservation Authorities Act)

Statement of Financial Position

As at December 31, 2024

(with comparative information for 2023)

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash	\$ 12,258,647	\$ 10,562,656
Investments (Note 3)	49,733,153	48,046,442
Accounts Receivable - Government Grants	448,943	631,900
Accounts Receivable - Municipal Levies and Other	256,827	425,635
Other Receivables	3,136,977	1,358,868
	<u>65,834,547</u>	<u>61,025,501</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	4,526,198	2,915,416
Deferred Revenue (Note 4)	4,786,766	4,922,626
Deposits	337,279	380,568
Asset Retirement Obligations (Note 6)	2,254,627	2,246,752
	<u>11,904,870</u>	<u>10,465,362</u>
Net Financial Assets	<u>53,929,677</u>	<u>50,560,139</u>
Non-Financial Assets		
Tangible Capital Assets (Note 5)	98,151,657	93,943,341
Prepaid Expenses and Inventory	429,765	409,108
	<u>98,581,422</u>	<u>94,352,449</u>
<u>ACCUMULATED SURPLUS</u>	<u>\$ 152,511,099</u>	<u>\$ 144,912,588</u>

ACCUMULATED SURPLUS COMPRISED OF

Accumulated Surplus - Reserves - Operating	(Note 11)	\$ 14,193,452	\$ 13,465,626
Accumulated Surplus - Reserves - Capital	(Note 11)	40,525,606	37,446,566
Accumulated Surplus - Reserves - Motor Pool	(Note 11)	1,396,234	1,766,281
Accumulated Surplus - Other		498,777	537,526
Accumulated Surplus - Tangible Capital Assets		95,897,030	91,696,589
<u>ACCUMULATED SURPLUS</u>		<u>\$ 152,511,099</u>	<u>\$ 144,912,588</u>

Commitments and Contingencies (Notes 9 and 10)

(see accompanying notes to the financial statements)

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF OPERATIONS AND CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2024
(with comparative information for 2023)

STATEMENT 2

	Budget 2024 Note 8	Actual 2024	Actual 2023
<u>Revenue (Note 17)</u>			
Municipal			
Grants:			
<i>Apportionment</i>	\$ 13,292,000	\$ 13,292,000	\$ 12,968,000
<i>Other</i>	940,000	728,463	806,230
Total Municipal Revenue	14,232,000	14,020,463	13,774,230
Government Grants			
MNR Transfer Payments	449,688	449,688	449,688
Source Protection Program-Provincial	834,000	820,925	543,467
Other Provincial	932,500	1,557,104	607,916
Federal	155,000	309,678	226,331
Total Government Grants	2,371,188	3,137,395	1,827,402
Self-Generated			
User Fees and Sales:			
<i>Resource Planning</i>	994,000	911,841	979,840
<i>Burford Tree Nursery and Planting Services</i>	695,000	985,678	834,840
<i>Conservation Areas User Fees</i>	10,771,000	12,523,736	11,947,876
<i>Environmental Education</i>	600,000	609,612	583,332
Property Rentals	3,038,000	3,122,120	2,981,768
Hydro Generation	580,000	612,640	713,155
Grand River Conservation Foundation (Note 13)	662,000	1,568,931	225,722
Donations	35,000	26,069	37,326
Investment Income	2,200,000	2,597,296	2,398,314
Miscellaneous Income	-	66,261	94,612
Gain on Sale of Tangible Capital Assets (Note 5)	-	1,613,562	97,118
Total Self-Generated Revenue	19,575,000	24,637,746	20,893,903
Total Revenue	\$ 36,178,188	\$ 41,795,604	\$ 36,495,535
<u>Expenditures (Note 17)</u>			
Watershed Management and Monitoring	6,192,609	6,348,777	6,001,716
Source Protection Program	834,000	820,925	543,467
Resource Planning	2,679,600	2,588,419	2,283,881
Watershed Stewardship	3,437,663	3,178,340	3,461,648
Conservation Land Management	4,415,271	3,998,650	3,523,945
Recreation and Education	11,571,550	12,002,357	11,253,189
Corporate Services / Information Systems and Motor Pool	5,940,460	5,259,625	5,213,744
Total Expenditures	\$ 35,071,153	\$ 34,197,093	\$ 32,281,590
Annual Surplus	1,107,035	7,598,511	4,213,945
Accumulated Surplus, Beginning of Year		144,912,588	140,698,643
Accumulated Surplus, End of Year		\$ 152,511,099	\$ 144,912,588

(see accompanying notes to the financial statements)

STATEMENT 3

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

(with comparative information for 2023)

	<u>Actual 2024</u>	<u>Actual 2023</u>
<u>Operating Activities</u>		
Annual surplus	\$ 7,598,511	\$ 4,213,945
Items not involving cash:		
Amortization	3,686,052	3,497,805
Gain on sale of tangible capital assets	(1,613,562)	(97,118)
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,426,344)	(380,764)
Prepaid expenses and inventory	(20,657)	(22,308)
Accounts payable and accrued liabilities	1,610,782	(784,094)
Deferred revenue and deposits	(179,149)	62,895
Net change in cash and cash equivalents from operating activities	<u>9,655,633</u>	<u>6,490,361</u>
<u>Capital Activities</u>		
Cash used to acquire tangible capital assets	(7,924,839)	(3,832,255)
Proceeds on sale of tangible capital assets (Note 5)	1,651,908	111,882
Net change in cash and cash equivalents from capital activities	<u>(6,272,931)</u>	<u>(3,720,373)</u>
<u>Investing Activities</u>		
Sales of Investments	18,660,000	23,884,225
Purchases of Investments	(27,006,198)	(13,392,882)
Net change in cash and cash equivalents from investing activities	<u>(8,346,198)</u>	<u>10,491,343</u>
Net change in cash and cash equivalents	<u>(4,963,496)</u>	<u>13,261,331</u>
Cash and cash equivalents, beginning of year	27,683,455	14,422,124
Cash and cash equivalents, end of the year	\$ <u>22,719,959</u>	\$ <u>27,683,455</u>
<u>Cash and Cash Equivalents</u>		
Cash	12,258,647	10,562,656
High interest savings account (Note 3)	10,461,312	17,120,799
	\$ <u>22,719,959</u>	\$ <u>27,683,455</u>
<u>Non-Cash Transactions</u>		
Asset Retirement Obligations (Note 6) and	\$ 7,875	\$ 2,246,752
Increase in Tangible Capital Assets (Note 5)		

(see accompanying notes to the financial statements)

STATEMENT 4

GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2024
(with comparative information for 2023)

	Actual 2024	Actual 2023
Annual surplus	\$ 7,598,511	\$ 4,213,945
Acquisition of tangible capital assets	(7,924,839)	(3,832,255)
Amortization of tangible capital assets	3,686,052	3,497,805
Gain on sale of tangible capital assets	(1,613,562)	(97,118)
Asset retirement obligations	(7,875)	(2,246,752)
Proceeds on sale of tangible capital assets	<u>1,651,908</u>	<u>111,882</u>
	3,390,195	1,647,507
Net changes in prepaid expenses and inventory	(20,657)	(22,308)
Net change in financial assets	<u>3,369,538</u>	<u>1,625,199</u>
Net financial assets, beginning of year	50,560,139	48,934,940
Net financial assets, end of year	\$ <u><u>53,929,677</u></u>	\$ <u><u>50,560,139</u></u>

(see accompanying notes to the financial statements)

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The Grand River Conservation Authority (the “Authority”) manages water and other natural resources on behalf of 38 municipalities and close to one million residents of the Grand River watershed. The Authority is a partnership of watershed municipalities, and provides an avenue to work together, addressing environmental issues and opportunities that serve to benefit the entire Grand River watershed. Incorporated under the Conservation Authorities Act, the Authority is one of 36 conservation authorities in the province.

(1) Summary of Significant Accounting Policies

The financial statements of Grand River Conservation Authority (the “Authority”) are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Chartered Professional Accountants.

The financial statements do not include the activities of the Grand River Conservation Foundation, an independent organization and a registered charity that raises funds to finance selected operating and capital expenditures of the Authority.

Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Government transfer payments and other revenue recognition

(i) Government transfers

Government transfers, which include municipal apportionment grants, MNR transfer payments, source protection program grants, and other provincial and federal grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations and performance obligations are met.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(a) Government transfer payments and other revenue recognition (continued)

(ii) Other revenues

Other revenues from transactions with performance obligations for self-generated fees for conservation area user fees and environmental education, hydro generation and self-generated sales for Burford tree nursery and planting services, are recognized as the Authority satisfies a performance obligation by providing the promised goods or services to the payor.

Property rental revenue is recognized over the term of the agreement.

Other revenue such as miscellaneous income and unrestricted investment income from transactions with no performance obligations are recognized when the Authority has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Unrestricted donations and grants from Grand River Conservation Foundation are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Deferred Revenue and Deposits

Balance includes funds that have been advanced to the Authority from government agencies and/or the general public and as at year end the funds have not been expended nor the performance obligations performed for the purpose for which they were received. In most instances, service and/or product delivery is anticipated to be performed in the following fiscal period. Typical balances include tree planting cash receipts, rural water quality program funding from municipalities, and special projects funding that has been paid in advance of project completion. These amounts will be recognized as revenue in the fiscal year the expenditures and the performance obligations are performed.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(c) Classification of Expenditures

Expenditures are reported in seven main categories, which follow the format adopted by Conservation Ontario. By following these guidelines, there will be consistency of reporting by all Conservation Authorities in Ontario. These are further explained as follows:

Watershed Management and Monitoring

Watershed Management and Monitoring includes expenditures and revenues for programs which provide the information required to develop appropriate resource management strategies and to identify priority actions to maintain a healthy watershed. Also included are the maintenance and operations of all Flood and Erosion Control Structures and the operations of the Flood Forecasting and Warning system.

Source Protection Program

The Source Protection Program includes expenditures and revenues for the development of a "Drinking Water Source Protection" plan for the Lake Erie Source Protection Region (includes Grand River, Long Point Region, Kettle Creek, and Catfish Creek Conservation Authorities).

Resource Planning

Resource Planning includes expenditures and revenues associated with reviewing official plans, zoning bylaws, development plans and other planning proposals, in accordance with Conservation Authority and Municipal Agreements. It also includes, administration of floodplain regulations.

Watershed Stewardship

Watershed Stewardship includes those activities associated with providing service and/or assistance to private and public landowners, and community groups on sound environmental practices that will enhance, restore or protect natural heritage features on their properties.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(c) Classification of Expenditures (continued)

Conservation Land Management

Conservation Land Management includes all expenditures and revenues associated with the acquisition and management of land owned/managed by the Authority. This includes the protection of provincially significant conservation lands, woodlot management, rental/lease agreements and other revenues generated from managing lands and facilities. These expenditures do not include those associated with recreation and education programs on Authority lands.

Recreation and Education

Recreation and Education includes expenditures and revenues associated with delivering recreational and educational programs on Authority lands at a number of active conservation areas and nature centres.

Corporate Services / Information Systems and Motor Pool

Corporate services include the costs associated with head office facilities and functions other than technical staff and associated programs.

Net Information Systems and Motor Pool usage charges include the support areas that are charged out to other cost centres on an “as used” basis. When Information Systems and Technology are used, the cost centre is charged for the use of the asset.

Motor Pool is the vehicles and equipment that are used for operations and capital projects by other cost centres. When equipment or vehicles are used, the cost centre is charged for the use of the asset.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(d) Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash and cash equivalents	Cost
Accounts receivable and other receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments are measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

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.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

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.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term cash commitments which are highly liquid with original maturities of three months or less from acquisition.

(f) Accounts Receivable

Accounts Receivable is reported net of any allowance for doubtful accounts.

(g) Inventory

Inventory is valued at the lower of cost or replacement cost.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(h) Investment Income

The Authority follows the policy of consolidating funds on hand for investment purposes. Interest income is generally recognized into income when earned unless the provisions of a relevant agreement or legislation require that the income be restricted, then restricted interest income is recognized in deferred revenue until used for the specified purpose.

(i) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (ii) The past transactions or events giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Assumptions used in the subsequent calculations are revised yearly.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(j) Tangible Capital Assets

Tangible capital assets are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized in a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site Improvements	10 - 50
Buildings	10 - 50
Furniture and Equipment	10 - 15
Motor Pool	5 - 10
Communications and Computer	5
Water Control Structures	20 - 80
Asset Retirement Obligations	10 - 80

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

I. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

II. Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

III. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in the financial statements.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(k) 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.

(l) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds 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:

- a) An environmental standard exists
- b) Contamination exceeds the environmental standard
- c) The Authority is directly responsible or accepts responsibility for the liability
- d) Future economic benefits will be given up, and
- e) A reasonable estimate of the liability can be made.

(m) Employee Future Benefits

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(1) Summary of Significant Accounting Policies (continued)

(n) Use of Estimates

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include accrued liabilities, contaminated site liability, contingencies, asset retirement obligations and tangible capital assets. Actual results could differ from estimates.

(2) Adoption of New Accounting Standards

The Authority adopted the following accounting standards beginning January 1, 2024, retroactively, with no impact on the financial statements:

- (i) PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.
- (ii) PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- (iii) PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(3) Investments

Investments include the following:

	2024	2023
Strip Bond maturing within two to three years (Interest rate 1.22%) Fair value at December 31, 2024 - \$2,169,231 (2023 - \$2,061,987)	\$ 2,300,000	\$ 2,300,000
GIC maturing within one year (Interest rates vary between 3.60% and 5.20%) Fair value at December 31, 2024 - \$13,000,000 (2023 - \$4,000,000)	13,000,000	4,000,000
GIC maturing within two to three years (Interest rates vary between 3.75% and 4.70%) Fair value at December 31, 2024 - \$17,900,000 (2023 - \$4,000,000)	17,900,000	4,000,000
Bonds maturing within one year (Interest rates vary between 2.60% and 3.3%) Fair value at December 31, 2024 - \$4,100,443 (2023 - \$14,454,889)	4,100,000	14,660,000
Bonds maturing within two years (Interest rate is 3.3%) (2023 - \$4,025,913)	-	4,100,000
Bonds maturing within six to seven years (Interest rate is 2.24%) Fair value at December 31, 2024 - \$1,990,072 (2023 - \$1,923,750)	2,000,000	2,000,000
High interest savings account (Interest rates vary between 3.55% and 5.47%) Fair value at December 31, 2024 - \$10,461,312 (2023 - \$17,120,799)	10,461,312	17,120,799
Sub-Total	\$ 49,761,312	\$ 48,180,799
Plus: Unamortized purchase net premiums and discounts	(28,159)	(134,357)
Total	\$ 49,733,153	\$ 48,046,442

All investments above are Level 2 investments with the exception of the high interest savings account which is a Level 1 and a cash equivalent. There were no transfers between level 1 and 2.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(4) Deferred Revenue

Deferred revenue includes the following:

	2024	2023
Balance, end of year:		
Source Protection Program	\$ 340,177	\$ 378,724
Rural Water Quality Program	975,385	1,027,577
Water and Erosion Control Infrastructure	32,587	331,244
Other Watershed Programs	1,717,356	1,781,410
Cottage Rent	550,110	467,997
Other Miscellaneous	1,171,151	935,674
Total Deferred Revenue	\$ 4,786,766	\$ 4,922,626
Balance, beginning of year:		
Source Protection Program	\$ 378,724	\$ 219,740
Rural Water Quality Program	1,027,577	972,846
Water and Erosion Control Infrastructure	331,243	197,254
Other Watershed Programs	1,781,411	1,883,874
Cottage Rent	467,997	472,554
Other Miscellaneous	935,673	1,066,664
	4,922,625	4,812,932
Grant Contributions	2,241,875	2,864,045
Interest	546	878
Other	847,740	2,275,838
Total Contributions Received	3,090,161	5,140,761
Contributions Used	3,226,020	5,031,067
Total Contributions Used	3,226,020	5,031,067
Balance, end of year	\$ 4,786,766	\$ 4,922,626

GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(5) Tangible Capital Assets

Cost	Balance at 31-Dec-23	Additions	ARO Additions	Disposals/ Transfers	Balance at 31-Dec-24
Land and Land Improvements	\$ 30,892,523	\$ -	\$ -	\$ -	\$ 30,892,523
Site Improvements	19,537,420	875,164	-	(4,404)	20,408,180
Buildings	19,677,721	1,954,569	-	(67,095)	21,565,195
Furniture and Equipment	2,723,853	194,372	-	(30,215)	2,888,010
Motor Pool	6,276,603	768,504	-	(259,730)	6,785,377
Communications and Computers	2,075,321	318,913	-	(108,791)	2,285,443
Water Control Structures	102,804,677	2,110,237	-	-	104,914,914
Assets Under Construction	3,927,388	3,618,450	-	(1,915,370)	5,630,468
Asset Retirement Obligations (note 6)	2,246,752	-	7,875	-	2,254,627
	\$ 190,162,258	\$ 9,840,209	\$ 7,875	\$ (2,385,605)	\$ 197,624,737

Accumulated Amortization	Balance at 31-Dec-23	Disposals	ARO Amortization	Amortization Expense	Balance at 31-Dec-24
Site Improvements	\$ 11,306,837	\$ (4,404)	\$ -	\$ 520,213	\$ 11,822,646
Buildings	11,334,835	(60,952)	-	512,746	11,786,629
Furniture and Equipment	1,558,480	(30,215)	-	195,815	1,724,080
Motor Pool	4,038,468	(227,527)	-	435,151	4,246,092
Communications and Computers	1,752,043	(108,791)	-	132,011	1,775,263
Water Control Structures	66,226,144	-	-	1,839,371	68,065,515
Asset Retirement Obligations	2,110	-	50,745	-	52,855
	\$ 96,218,917	\$ (431,889)	\$ 50,745	\$ 3,635,307	\$ 99,473,080

	Net Book Value 31-Dec-23	Net Book Value 31-Dec-24
Land and Land Improvements	\$ 30,892,523	\$ 30,892,523
Site Improvements	8,230,583	8,585,534
Buildings	8,342,886	9,778,566
Furniture and Equipment	1,165,373	1,163,930
Motor Pool	2,238,135	2,539,285
Communications and Computers	323,278	510,181
Water Control Structures	36,578,533	36,849,399
Assets Under Construction	3,927,388	5,630,467
Asset Retirement Obligations	2,244,642	2,201,772
	\$ 93,943,341	\$ 98,151,657

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Cost	Balance at 31-Dec-22	Additions	ARO Additions	Disposals/ Transfers	Balance at 31-Dec-23
Land and Land Improvements	\$ 30,892,523	\$ -	\$ -	\$ -	\$ 30,892,523
Site Improvements	18,931,788	605,632	-	-	19,537,420
Buildings	19,006,092	671,629	-	-	19,677,721
Furniture and Equipment	2,570,146	178,034	-	(24,327)	2,723,853
Motor Pool	5,627,347	814,545	-	(165,289)	6,276,603
Communications and Computers	1,963,349	204,360	-	(92,388)	2,075,321
Water Control Structures	102,564,109	240,568	-	-	102,804,677
Assets Under Construction	2,809,901	1,813,204	-	(695,717)	3,927,388
Asset Retirement Obligations (note 6)	-	-	2,246,752	-	2,246,752
	\$ 184,365,255	\$ 4,527,972	\$ 2,246,752	\$ (977,721)	\$ 190,162,258

Accumulated Amortization	Balance at 31-Dec-22	Disposals	ARO Amortization	Amortization Expense	Balance at 31-Dec-23
Site Improvements	\$ 10,786,117	\$ -	\$ -	\$ 520,720	\$ 11,306,837
Buildings	10,873,973	-	-	460,862	11,334,835
Furniture and Equipment	1,393,518	(24,327)	-	189,289	1,558,480
Motor Pool	3,798,959	(150,525)	-	390,034	4,038,468
Communications and Computers	1,747,165	(92,387)	-	97,265	1,752,043
Water Control Structures	64,388,620	-	-	1,837,524	66,226,144
Asset Retirement Obligations	-	-	2,110	-	2,110
	\$ 92,988,352	\$ (267,239)	\$ 2,110	\$ 3,495,694	\$ 96,218,917

	Net Book Value 31-Dec-22	Net Book Value 31-Dec-23
Land and Land Improvements	\$ 30,892,523	\$ 30,892,523
Site Improvements	8,145,671	8,230,583
Buildings	8,132,119	8,342,886
Furniture and Equipment	1,176,628	1,165,373
Motor Pool	1,828,388	2,238,135
Communications and Computers	216,184	323,278
Water Control Structures	38,175,489	36,578,533
Assets Under Construction	2,809,901	3,927,388
Asset Retirement Obligations	-	2,244,642
	\$ 91,376,903	\$ 93,943,341

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(5) Tangible Capital Assets (continued)

Assets Under Construction

Assets under construction having a value of \$5,630,468 (2023 - \$3,927,388) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Write-down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$nil (2023 - \$nil).

Gain on Sale of Tangible Capital Assets

During the year, the Authority disposed of assets with a total carrying value of \$38,346. The total proceeds on these sales were \$1,651,908, which resulted in a gain on sale of \$1,613,562.

In 2023, the Authority disposed of motor pool assets with a total carrying value of \$14,764. The total proceeds on these sales were \$111,882, which resulted in a gain on sale of \$97,118.

(6) Asset Retirement Obligations

The Authority owns and operates several buildings and structures that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it for \$36,000 (2023 - \$36,000).

The Authority has underground fuel tanks that will require future remediation where there is a legal obligation to remove the tank and remediate the site for \$2,218,627 (2023 - \$2,210,752).

All liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

Changes to the asset retirement obligations are as follows:

	2024		2023	
Balance, beginning of the year	\$	2,246,752	\$	-
Add: additional obligations		7,875		2,246,752
Less: obligations settled in the year		-		-
Balance, end of the year	\$	2,254,627	\$	2,246,752

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(7) Contaminated Site Liability

The Authority has an estimated liability of \$812,912 as at December 31, 2024 (2023 - \$812,912) for future remediation of two of its properties. During the year, there was no activity or events impacting the liability estimate from prior year. The properties include a former landfill site in the City of Brantford, and a former residential site in the City of Cambridge. The properties were purchased by the Authority in the 1970s under flood control projects. The Ministry of the Environment, Conservation and Parks has requested remediation on the Brantford and Cambridge properties. The estimated future cost of the work at Brantford is based on a detailed remediation plan prepared by a qualified external consultant. Staff have estimated the future cost of remediation for the Cambridge property based on preliminary investigations carried out by an environmental consulting firm.

(8) 2024 Budget

The budget figures are those adopted at the General Meeting of the Authority held February 23, 2024. The Authority only prepares a budget for the statement of operations, the budget figures in the statement of change in net financial assets has not been provided.

Budget figures have been translated to reflect changes in public sector accounting standards on the statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets and excluding budgeted additions.

(9) Commitments

The Authority is committed under contracts for various infrastructure projects and expects to incur costs of approximately \$3,365,919 in 2025.

(10) Contingencies

The Authority recognizes that liabilities may arise due to certain contract and labour relations matters that were outstanding at year end, in the normal course of business. Legal action may be taken against the Authority for personal injury claims, property damage and other contractual matters. The outcome of these actions is not presently determinable. It is management's opinion that the Authority's insurance coverage and/or accumulated surplus will adequately cover any potential liabilities arising from these matters.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(11) Accumulated Surplus

Land reserves represent the net proceeds of land sales and are available for approved projects including purchases of conservation lands within the Watershed in accordance with Authority policies and Provincial Regulations.

Accumulated surplus consists of tangible capital asset and other surplus and reserve funds. Details of the reserve funds are as follows:

	2024	2023
Operating		
Property and Liability Insurance	\$ 293,275	\$ 281,417
Building and Mechanical Equipment	1,516,060	1,343,443
Personnel	1,416,981	1,299,167
Transition	2,438,079	2,632,308
Apps' Mill Nature Centre	79,724	76,501
Laurel Creek Nature Centre	121,681	116,762
Guelph Lake Nature Centre	151,299	145,181
Shade's Mills Nature Centre	84,429	81,014
Taquanyah Nature Centre	24,074	23,102
Computer Replacement	1,004,111	1,390,899
Forestry Management	1,800,813	1,536,205
Cottage Operations	1,309,430	1,271,831
Property Rental	818,177	785,090
Planning Enforcement	570,732	547,652
Master Plan	460,939	442,298
Grand River Management Plan	123,587	118,589
Watershed Restoration	349,352	335,225
Water Management	1,080,709	1,038,942
Stabilization Reserve - Category 1	230,566	-
Stabilization Reserve - Category 2	36,769	-
Stabilization Reserve - Category 3	282,665	-
Total Operating Reserves	\$ 14,193,452	\$ 13,465,626
Capital		
Completion of Capital Projects	\$ 162,000	\$ 162,000
Cambridge Desiltation Pond	4,397	4,967
Gravel	281,707	270,315
General Capital	1,608,365	1,442,571
Major Dam Maintenance	3,184,852	3,056,063
Gauges	1,128,511	1,010,910
Conservation Area	9,666,021	8,471,029
Land Reserves	24,489,753	23,028,711
Total Capital Reserves	\$ 40,525,606	\$ 37,446,566
Motor Pool		
Motor Pool Equipment Replacement	\$ 1,296,376	\$ 1,670,460
Vehicle Insurance	99,858	95,821
Total Motor Pool Reserves	\$ 1,396,234	\$ 1,766,281
Total Reserves	\$ 56,115,292	\$ 52,678,473

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(12) Pension and Retirement Benefits

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all eligible 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.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the 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 latest available report for the OMERS plan was December 31, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit), based on actuarial liabilities of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$130.4 billion (2022 - \$122.1 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2024, the Authority's contribution to OMERS was \$1,357,830 (2023 - \$1,304,769).

(13) Related Entity

The Grand River Conservation Foundation ("the Foundation") is an independent organization and a Registered Charity that raises funds to finance selected operating and capital expenditures of the Authority. Although the Foundation disburses funds at the discretion of its own Board of Directors, it only funds approved projects of the Authority and the Chair of the Authority is a permanent member of the Foundation Board.

During 2024, the Foundation contributed \$1,568,931 (2023 - \$225,722) to fund projects carried out by the Authority. At December 31, 2024, the amount due from the Foundation to the Authority is \$1,292,643 (2023 - \$118,083). This receivable is included in "Other Receivables" on the Statement of Financial Position.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(14) Financial Risks

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Authority is exposed to credit risk with respect to the accounts receivable, cash and investments.

The Authority assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Authority as at December 31, 2024 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is \$1,675 (2023 - \$445).

There have been no significant changes to the credit risk exposure from 2023.

(b) Liquidity risk:

Liquidity risk is the risk that the Authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Authority manages its liquidity risk by monitoring its operating requirements. The Authority prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets with variable interest rates expose the Authority to cash flow interest rate risk.

The Authority's investments are disclosed in note 3.

There has been no change to the interest rate risk exposure from 2023.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(15) Public Sector Salary Disclosure

Grand River Conservation Authority is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and benefits that have been paid by the Authority and reported to the Province of Ontario in compliance with this legislation are listed on the Ontario Ministry of Finance website at <https://www.ontario.ca/page/public-sector-salary-disclosure#section-0> or can be provided in an alternate format upon request from the Authority.

(16) Comparative Information

Certain comparative information in the statement of operations, cashflows and the segmented information (Note 17) has been reclassified to conform with the financial statement presentation adopted in the current year.

(17) Segmented Information

2024																
	Watershed Management and Monitoring		Source Protection Program		Resource Planning		Watershed Stewardship		Conservation Land Management		Recreation and Education		Corporate Services/IS and Motor Pool		Total	
Revenue:																
Apportionment	\$	4,648,611	\$	-	\$	1,685,600	\$	1,017,000	\$	2,629,901	\$	-	\$	3,310,888	\$	13,292,000
Grants		1,857,524		820,925		-		1,081,481		22,448		83,480		-		3,865,858
User fees and Other		-		-		911,842		787,732		5,533,423		13,133,705		2,676,044		23,042,746
Donations		-		-		-		84,685		64,687		1,445,628		-		1,595,000
Total Revenue		6,506,135		820,925		2,597,442		2,970,898		8,250,459		14,662,813		5,986,932		41,795,604
Expenses:																
Salaries, Wages and Benefits		2,945,974		551,787		2,062,348		1,353,779		2,043,348		6,402,748		4,353,771		19,713,755
Operating Expenses		1,644,141		269,138		526,071		1,809,998		1,714,958		4,695,526		2,963,271		13,623,103
Amortization		1,758,662		-		-		14,563		240,344		904,083		768,400		3,686,052
Chargebacks		-		-		-		-		-		-		(2,825,817)		(2,825,817)
Total Expenses		6,348,777		820,925		2,588,419		3,178,340		3,998,650		12,002,357		5,259,625		34,197,093
Annual surplus/ (deficit)	\$	157,358	\$	-	\$	9,023	\$	(207,442)	\$	4,251,809	\$	2,660,456	\$	727,307	\$	7,598,511

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

2023								
	Watershed Management and Monitoring	Source Protection Program	Resource Planning	Watershed Stewardship	Conservation Land Management	Recreation and Education	Corporate Services/IS and Motor Pool	Total
Revenue:								
Apportionment	\$ 4,816,190	\$ -	\$ 1,385,200	\$ 1,465,322	\$ 612,600	\$ 310,100	\$ 4,378,588	\$ 12,968,000
Grants	865,799	543,467	-	1,224,366	-	-	-	2,633,632
User fees and Other	-	-	979,840	664,433	3,918,005	12,568,573	2,500,004	20,630,855
Donations	-	-	-	93,979	52,914	80,105	36,050	263,048
Total Revenue	5,681,989	543,467	2,365,040	3,448,100	4,583,519	12,958,778	6,914,642	36,495,535
Expenses:								
Salaries, Wages and Benefits	2,752,214	443,493	1,877,606	1,415,183	1,780,504	6,193,342	3,904,312	18,366,654
Operating Expenses	1,483,791	99,974	406,275	2,033,973	1,511,097	4,257,919	3,410,655	13,203,684
Amortization	1,765,711	-	-	12,492	232,344	801,928	685,330	3,497,805
Chargebacks	-	-	-	-	-	-	(2,786,553)	(2,786,553)
Total Expenses	6,001,716	543,467	2,283,881	3,461,648	3,523,945	11,253,189	5,213,744	32,281,590
Annual surplus/ (deficit)	\$ (319,727)	\$ -	\$ 81,159	\$ (13,548)	\$ 1,059,574	\$ 1,705,589	\$ 1,700,898	\$ 4,213,945