

Financial Statements of

**GRAND RIVER CONSERVATION
FOUNDATION**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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 Board of Directors of The Grand River Conservation Foundation

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of operations and changes in fund balances 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 Foundation as at December 31, 2024, and its results of operations, its changes in fund balances and its cash flows year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Foundation 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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation's 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. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 19, 2025

GRAND RIVER CONSERVATION FOUNDATION

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,097,966	\$ 1,409,637
Short-term investments (note 2)	130,050	1,052,452
Accounts receivable (note 3)	5,354	27,992
Interest receivable	23,042	36,156
	2,256,412	2,526,237
Long-term investments (note 2)	1,064,633	752,178
	\$ 3,321,045	\$ 3,278,415

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,306,416	\$ 127,093
Fund balances:		
Restricted:		
Recreation funds	734,759	663,667
Restoration funds	129,744	126,306
Environmental education funds	395,435	1,663,859
Scholarship funds	27,316	21,368
Land acquisition and stewardship funds	491	491
Community volunteer funds	38,327	35,142
Undesignated funds	124,617	117,660
Partner funds	123,769	108,501
Endowed funds	440,171	414,328
	2,014,629	3,151,322
	\$ 3,321,045	\$ 3,278,415

See accompanying notes to financial statements.

On behalf of the Board:

_____ Chair

_____ Secretary-Treasurer

GRAND RIVER CONSERVATION FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2024, with comparative information for 2023

	General funds	Recreation funds	Restoration funds	Environmental education funds	Scholarship funds	Land acquisition and stewardship funds	Community volunteer funds	Undesignated funds	Partner	Endowed funds	Total 2024	Total 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:												
Receipted donations	–	33,065	8,815	1,350	4,000	–	–	10,220	22,500	–	79,950	150,235
Other donations	–	30,109	16,545	22,321	6,500	–	–	23,506	65,178	1,447	165,606	124,044
Life Insurance	615	–	–	–	–	–	–	–	–	–	615	615
Investment income	–	61,950	11,379	142,190	1,927	–	3,185	12,021	10,405	37,196	280,253	187,370
Other income	–	–	–	–	–	–	–	–	–	2,200	2,200	2,644
Total revenue	615	125,124	36,739	165,861	12,427	–	3,185	45,747	98,083	40,843	528,624	464,908
Expenditures:												
Staff support	53,465	–	–	–	–	–	–	–	–	–	53,465	110,495
Fundraising expenses	2,887	–	–	–	–	–	–	–	–	–	2,887	1,741
Life insurance	615	–	–	–	–	–	–	–	–	–	615	615
General expenses	17,421	–	–	–	–	–	–	–	–	–	17,421	19,961
Disbursements to												
Foundation projects	–	43,405	29,681	1,429,551	7,000	–	–	–	66,292	15,000	1,590,929	286,761
Total expenditures	74,388	43,405	29,681	1,429,551	7,000	–	–	–	66,292	15,000	1,665,317	419,573
Excess (deficiency) of												
revenue over expenses	(73,773)	81,719	7,058	(1,263,690)	5,427	–	3,185	45,747	31,791	25,843	(1,136,693)	45,335
Fund balances, beginning of year	–	663,667	126,306	1,663,859	21,368	491	35,142	117,660	108,501	414,328	3,151,322	3,105,987
Interfund transfers (note 4)	73,773	(10,627)	(3,620)	(4,734)	521	–	–	(38,790)	(16,523)	–	–	–
Fund balances, end of year	–	734,759	129,744	395,435	27,316	491	38,327	124,617	123,769	440,171	2,014,629	3,151,322

See accompanying notes to financial statements.

GRAND RIVER CONSERVATION FOUNDATION

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,136,693)	\$ 45,335
Item not involving cash:		
Change in fair value of investments	(157,822)	(52,103)
Changes in non-cash operating working capital:		
Accounts receivable	22,638	(19,315)
Interest receivable	13,114	1,725
Accounts payable and accrued liabilities	1,179,322	(171,697)
	(79,441)	(196,055)
Financing activities:		
Purchase of investments	(370,365)	(1,043,575)
Sale of investments	1,138,135	1,763,584
	767,770	720,009
Increase in cash	688,329	523,954
Cash, beginning of year	1,409,637	885,683
Cash, end of year	\$ 2,097,966	\$ 1,409,637

See accompanying notes to financial statements.

GRAND RIVER CONSERVATION FOUNDATION

Notes to Financial Statements

Year ended December 31, 2024

The Grand River Conservation Foundation (the "Foundation") is incorporated without share capital and is registered as a charitable organization under the Income Tax Act (Canada). The purpose of the Foundation is to raise money for the purpose of funding projects, related to the conservation of natural and historic resources within the watershed of the Grand River; specifically, projects that are approved by, but beyond the scope of, the statutory resources of the Grand River Conservation Authority.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Chartered Professional Accountants of Canada Handbook - Part III Canadian accounting standards for not-for-profit organizations. The significant policies are described below:

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives specified by the donors, or in accordance with directives issued by the Board of Directors.

For financial reporting purposes, the accounts have been classified in the following funds:

- (i) Restricted funds include amounts that are restricted in accordance with the objectives as specified by the donors and the Board of Directors. These funds are considered to be restricted as they can only be used for specified purposes.
- (ii) Endowed funds are resources that are required to be maintained by the Foundation on a permanent basis. Revenue of the endowed fund is limited to amounts that have been restricted for endowment purposes by the external contributor.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Unrestricted donations are recognized as revenue in the General Fund when received. Externally restricted contributions other than endowment contributions are recognized as revenue when received in the related restricted fund. Endowment contributions are recognized as revenue when received in the Endowed Fund.

Pledges to donate funds to the Foundation are not recorded in the accounts until such time as funds are received.

GRAND RIVER CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Donated materials:

Donated materials contributed to the Foundation are recorded at fair value when provided.

(d) Investments:

Investment income includes interest, dividends, distribution from pooled funds and change in fair value for the year. Investment income is allocated using a weighted average of fund balances throughout the fiscal year to determine the proportional interest allocation, and will be assessed to ensure Endowed Funds and Scholarship Funds can facilitate Community Conservation Grants and Scholarships for the upcoming year. Investment income allocation is subject to Board approval.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured 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 Foundation has elected to carry fixed income investments at fair value.

Transaction costs incurred on the acquisition of financial instruments 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 effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the 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 the carrying amounts of revenue and expenses and provisions for impairment of accounts receivable. Actual results could differ from those estimates.

GRAND RIVER CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Investments:

Investments consist of:

	2024	2023
Canadian fixed income maturing April 2025 to September 2025 (2023 – June 2024), with interest rates between 3.31% and 4.60% (2023 – 3.20%)	\$ 74,050	\$ 69,452
GICs maturing May 2025 to September 2025 (2023 – June 2024), with interest rates between 5.05% and 5.32% (2023 – 1.52% and 6%)	56,000	983,000
Total short-term investments	\$ 130,050	\$ 1,052,452

	2024	2023
Canadian fixed income maturing January 2027 to November 2028 (2023 – April 2025 to September 2025), with interest rates of 2.33% and variable (2023 – 4.65% and 5.50%)	\$ 98,564	\$ 72,585
GICs maturing March 2026 to October 2027 (2023 – May 2025 to December 2026), with interest rates between 3.85% and 5.17% (2023 – 4.65% and 5.50%)	262,000	60,000
Canadian equities	267,411	234,210
Global equities	436,658	385,383
Total long-term investments	\$ 1,064,633	\$ 752,178

3. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded at December 31, 2024 (2023 - \$nil).

4. Interfund transfers:

The interfund transfers represent the allocation of expenses to specific funds. The expenses are allocated based on the percentage of the total amount of donations received for a fund each month. The percentage is set by the Board of Directors at 20% (2023 - 20%).

5. Life insurance policies:

The Foundation is named as a beneficiary for insurance policies with a face value of approximately \$61,711 (2023 - \$61,367). The owner of the policy pays the premium which is recorded as a donation and an expenditure. As the realizable amount under the policies is not certain, the Foundation will record the benefits when the proceeds are received.

The cash surrender value of the insurance policies are \$24,500 (2023 - \$23,500) and have not been recognized in the statement of financial position and statement of operations.

GRAND RIVER CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Related entity:

The Foundation raises funds to finance operations and capital expenditures, as directed by the Foundation's donors and the Board of Directors, for the Grand River Conservation Authority (the "Authority"), which is an independent organization. Although the Authority is a separate entity and disburses funds at the discretion of its own Board of Directors, the Chair of the Authority is a permanent member of the Foundation Board. The accounts of the Grand River Conservation Authority are not included in these financial statements.

During 2024, the Foundation contributed \$1,568,931 (2023 - \$225,722) to fund projects carried out by the Authority and is recorded in the statement of operations under disbursements to foundation projects. At December 31, 2024, the net amount due from the Foundation to the Authority is \$1,292,643 (2023 - \$118,083), which is included in accounts payable and accrued liabilities.

7. Community Foundations funds:

In 2011, the Foundation made a decision to establish the Grand River Conservation Funds ("GRC Funds") with various Community Foundations in the Grand River Watershed. Community Foundations are charitable organizations that can hold and manage funds for other charities and can help make connections between needs and donors. The Foundation has an agreement with the three Community Foundations to manage the GRC Funds. Some funds are revocable, where ownership of the funds is with the Community Foundation on an interim basis. Donors can also contribute to the GRC Funds by making charitable donations directly to the Community Foundations. Grants can be made back to the Foundation from the GRC Funds, out of investment income earned or flow-through donations.

The details of the funds are as follows:

		2024		2023
Funds held by the Community Foundations at fair value	\$	75,851	\$	68,663
Grants received from the Community Foundations during the year		2,200		2,200

GRAND RIVER CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant market, credit or cash flow risk arising from its financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The fixed income securities yield interest between 2.33% and 5.32% (2023 - 1.52% and 6.10%) and have maturities ranging from April 2025 to October 2027 (2023 – March 2024 to December 2026).

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value.

As at December 31, 2024, the Foundation held U.S. dollar investments of \$436,658 (2023 - \$385,383) that is subject to foreign currency exposure.

9. Comparative information:

Certain comparative information including the classification of short-term and long-term investments on the statement of financial position, statement of cash flows, notes 2, 7 and 8 have been updated from those previously presented to conform to the presentation of the 2024 financial statements.