

GRAND RIVER CONSERVATION AUTHORITY



**AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT THEREON
DECEMBER 31, 2025**

GRAND RIVER CONSERVATION AUTHORITY
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DECEMBER 31, 2025

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Management Report

Management's Responsibility for the Financial Statements

The accompanying financial statements of Grand River Conservation Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

The Audit Committee of the Authority meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the approval of the financial statements by the Members.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Authority. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

Handwritten signature of Samantha Lawson in black ink.

Samantha Lawson
CAO

Handwritten signature of Karen Armstrong in black ink.

Karen Armstrong
Deputy CAO and Secretary-Treasurer

March 2, 2026



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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, 2025
- the statement of operations and changes 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, 2025, 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.



- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

March 2, 2026

STATEMENT 1

GRAND RIVER CONSERVATION AUTHORITY

(Established by the Conservation Authorities Act)

Statement of Financial Position

As at December 31, 2025

(with comparative information for 2024)

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash	\$ 9,413,194	\$ 12,258,647
Investments (Note 2)	56,511,030	49,733,153
Accounts Receivable - Government Grants	402,039	448,943
Accounts Receivable - Municipal Levies and Other	82,409	256,827
Other Receivables	2,325,375	3,136,977
	<u>68,734,047</u>	<u>65,834,547</u>
Financial Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	2,981,622	4,526,198
Deferred Revenue (Note 3)	4,787,530	4,786,766
Deposits	293,614	337,279
Asset Retirement Obligations (Note 5)	2,227,821	2,254,627
	<u>10,290,587</u>	<u>11,904,870</u>
Net Financial Assets	<u>58,443,460</u>	<u>53,929,677</u>
Non-Financial Assets		
Tangible Capital Assets (Note 4)	99,602,096	98,151,657
Prepaid Expenses and Inventory	485,060	429,765
	<u>100,087,156</u>	<u>98,581,422</u>
<u>ACCUMULATED SURPLUS</u>	<u>\$ 158,530,616</u>	<u>\$ 152,511,099</u>

ACCUMULATED SURPLUS COMPRISED OF

Accumulated Surplus - Reserves - Operating	(Note 9)	\$ 15,041,570	\$ 14,193,452
Accumulated Surplus - Reserves - Capital	(Note 9)	44,164,415	40,525,606
Accumulated Surplus - Reserves - Motor Pool	(Note 9)	1,450,356	1,396,234
Accumulated Surplus - Other		500,000	498,777
Accumulated Surplus - Tangible Capital Assets		97,374,275	95,897,030
<u>ACCUMULATED SURPLUS</u>		<u>\$ 158,530,616</u>	<u>\$ 152,511,099</u>

Commitments and Contingencies (Notes 8 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, 2025
(with comparative information for 2024)

STATEMENT 2

	Budget 2025 Note 7	Actual 2025	Actual 2024
Revenue (Note 16)			
Municipal			
Grants:			
<i>Apportionment</i>	\$ 13,757,000	\$ 13,757,000	\$ 13,292,000
<i>Other</i>	946,000	593,185	728,463
Total Municipal Revenue	14,703,000	14,350,185	14,020,463
Government Grants			
MNR Transfer Payments	449,688	449,688	449,688
Source Protection Program-Provincial	780,000	605,097	820,925
Other Provincial	1,747,500	1,991,592	1,557,104
Federal	208,000	219,205	309,678
Total Government Grants	3,185,188	3,265,582	3,137,395
Self-Generated			
User Fees and Sales:			
<i>Resource Planning</i>	924,000	1,019,605	911,841
<i>Burford Tree Nursery and Planting Services</i>	720,000	953,423	985,678
<i>Conservation Areas User Fees</i>	11,471,000	13,927,902	12,523,736
<i>Environmental Education</i>	600,000	644,774	609,612
Property Rentals	3,150,000	3,176,303	3,122,120
Hydro Generation	475,000	383,370	612,640
Grand River Conservation Foundation (Note 12)	197,000	521,020	1,568,931
Donations	15,000	39,730	26,069
Investment Income	2,300,000	2,187,918	2,597,296
Miscellaneous Income	-	1,398,899	66,261
Gain on Sale of Tangible Capital Assets (Note 4)	-	86,166	1,613,562
Total Self-Generated Revenue	19,852,000	24,339,110	24,637,746
Total Revenue	\$ 37,740,188	\$ 41,954,877	\$ 41,795,604
Expenditures (Note 16)			
Watershed Management and Monitoring	6,554,803	6,501,104	6,348,777
Source Protection Program	780,000	605,097	820,925
Resource Planning	2,747,600	2,681,155	2,588,419
Watershed Stewardship	3,601,622	3,062,184	3,178,340
Conservation Land Management	4,564,486	4,429,279	3,998,650
Recreation and Education	12,484,944	13,337,173	12,002,357
Corporate Services / Information Systems and Motor Pool	5,963,763	5,319,368	5,259,625
Total Expenditures	\$ 36,697,218	\$ 35,935,360	\$ 34,197,093
Annual Surplus	1,042,970	6,019,517	7,598,511
Accumulated Surplus, Beginning of Year		152,511,099	144,912,588
Accumulated Surplus, End of Year		\$ 158,530,616	\$ 152,511,099

(see accompanying notes to the financial statements)

STATEMENT 3

**GRAND RIVER CONSERVATION AUTHORITY
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2025

(with comparative information for 2024)

	<u>Actual 2025</u>	<u>Actual 2024</u>
<u>Operating Activities</u>		
Annual surplus	\$ 6,019,517	\$ 7,598,511
Items not involving cash:		
Amortization	3,812,672	3,686,052
Gain on sale of tangible capital assets	(86,166)	(1,613,562)
Gain on asset retirement obligation settlement (Note 5)	(50,049)	-
Gain on contaminated site derecognition (Note 6)	(334,578)	-
Amortization of premiums and discounts on investments	91,469	(58,724)
Change in non-cash operating assets and liabilities:		
Accounts receivable	1,032,924	(1,426,344)
Prepaid expenses and inventory	(55,295)	(20,657)
Accounts payable and accrued liabilities	(1,209,998)	1,610,782
Deferred revenue and deposits	<u>(42,901)</u>	<u>(179,149)</u>
Net change in cash and cash equivalents from operating activities	<u>9,177,595</u>	<u>9,596,909</u>
<u>Capital Activities</u>		
Cash used to acquire tangible capital assets	(5,840,920)	(7,924,839)
Proceeds on sale of tangible capital assets (Note 4)	687,218	1,651,908
Net change in cash and cash equivalents from capital activities	<u>(5,153,702)</u>	<u>(6,272,931)</u>
<u>Investing Activities</u>		
Sales of Investments	21,400,000	18,660,000
Purchases of Investments	<u>(33,536,393)</u>	<u>(26,947,474)</u>
Net change in cash and cash equivalents from investing activities	<u>(12,136,393)</u>	<u>(8,287,474)</u>
Net change in cash and cash equivalents	<u>(8,112,500)</u>	<u>(4,963,496)</u>
Cash and cash equivalents, beginning of year	22,719,959	27,683,455
Cash and cash equivalents, end of the year	\$ <u>14,607,459</u>	\$ <u>22,719,959</u>
<u>Cash and Cash Equivalents</u>		
Cash	9,413,194	12,258,647
High interest savings account (Note 2)	5,194,265	10,461,312
	\$ <u>14,607,459</u>	\$ <u>22,719,959</u>
<u>Non-Cash Transactions</u>		
Asset Retirement Obligations (Note 5)	\$ 23,243	\$ 7,875
Increase in Tangible Capital Assets (Note 4)		

(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, 2025
(with comparative information for 2024)

	<u>Actual 2025</u>	<u>Actual 2024</u>
Annual surplus	\$ 6,019,517	\$ 7,598,511
Acquisition of tangible capital assets	(5,840,920)	(7,924,839)
Amortization of tangible capital assets	3,812,672	3,686,052
Gain on sale of tangible capital assets	(86,166)	(1,613,562)
Asset retirement obligations	(23,243)	(7,875)
Proceeds on sale of tangible capital assets	<u>687,218</u>	<u>1,651,908</u>
	4,569,078	3,390,195
Net changes in prepaid expenses and inventory	(55,295)	(20,657)
Net change in financial assets	<u>4,513,783</u>	<u>3,369,538</u>
Net financial assets, beginning of year	53,929,677	50,560,139
Net financial assets, end of year	\$ <u>58,443,460</u>	\$ <u>53,929,677</u>

(see accompanying notes to the financial statements)

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The Grand River Conservation Authority (the “Authority”) manages water and other natural resources on behalf of 38 municipalities and approximately 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 the Authority are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board 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, Ministry of Natural Resources 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, 2025**

(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, resource planning, 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 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, 2025**

(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, 2025**

(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 environmental education 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, 2025**

(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.

<u>Financial Instrument</u>	<u>Measurement Method</u>
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, 2025**

(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.

(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.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(1) Summary of Significant Accounting Policies (continued)

(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, 2025**

(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, 2025**

(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 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, 2025**

(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.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(2) Investments

Investments include the following:

	2025	2024
Strip Bond maturing within two to three years (Interest rate 1.22%) Fair value at December 31, 2025 - \$nil (2024 - \$2,169,231)	\$ -	\$ 2,300,000
GIC maturing within one year (Interest rates vary between 3.75% and 4.80%) Fair value at December 31, 2025 - \$8,200,000 (2024 - \$13,000,000)	8,200,000	13,000,000
GIC maturing within two to five years (Interest rates vary between 3.00% and 4.43%) Fair value at December 31, 2025 - \$34,400,000 (2024 - \$17,900,000)	34,400,000	17,900,000
Bonds maturing within three to six years (Interest rates vary between 2.24% and 5.49%) Fair value at December 31, 2025 - \$8,702,342 (2024 - \$1,990,072)	8,300,000	2,000,000
Bonds maturing within one year (Interest rate at 3.3%) Fair value at December 31, 2025 - \$nil (2024 - \$4,100,443)	-	4,100,000
High interest savings account (Interest rates vary between 2.05% and 2.78%) Fair value at December 31, 2025 - \$5,194,265 (2024 - \$10,461,312)	5,194,265	10,461,312
Sub-Total	\$ 56,094,265	\$ 49,761,312
Plus: Unamortized purchase net premiums and discounts	416,765	(28,159)
Total	\$ 56,511,030	\$ 49,733,153

All investments above are Level 2 investments except for 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, 2025**

(3) Deferred Revenue

Deferred revenue includes the following:

	2025	2024
Balance, end of year:		
Source Protection Program	\$ 494,773	\$ 340,177
Rural Water Quality Program	1,064,619	975,385
Water and Erosion Control Infrastructure	102,005	32,587
Other Watershed Programs	1,463,801	1,717,356
Cottage Rent	657,813	550,110
Other Miscellaneous	1,004,519	1,171,151
Total Deferred Revenue	\$ 4,787,530	\$ 4,786,766
Balance, beginning 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	331,243
Other Watershed Programs	1,717,356	1,781,411
Cottage Rent	550,110	467,997
Other Miscellaneous	1,171,151	935,673
	4,786,766	4,922,625
Grant Contributions	1,626,419	2,241,875
Interest	2,159	546
Other	1,101,696	847,740
Total Contributions Received	2,730,274	3,090,161
Contributions Used	2,729,510	3,226,020
Total Contributions Used	2,729,510	3,226,020
Balance, end of year	\$ 4,787,530	\$ 4,786,766

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(4) Tangible Capital Assets

Cost	Balance at 31-Dec-24	Additions	Disposals/ Transfers	Balance at 31-Dec-25
Land and Land Improvements	\$ 30,892,523	\$ -	\$ (19,089)	\$ 30,873,434
Site Improvements	20,408,180	1,287,478	(7,000)	21,688,658
Buildings	21,565,195	2,524,966	(723,555)	23,366,606
Furniture and Equipment	2,888,010	159,429	(171,501)	2,875,938
Motor Pool	6,785,377	693,050	(310,889)	7,167,538
Communications and Computers	2,285,443	148,861	(26,702)	2,407,602
Water Control Structures	104,914,914	2,095,278	-	107,010,192
Assets Under Construction	5,630,468	2,788,926	(3,857,068)	4,562,326
Asset Retirement Obligations (note 5)	2,254,627	23,243	(50,049)	2,227,821
	\$ 197,624,737	\$ 9,721,231	\$ (5,165,853)	\$ 202,180,115

Accumulated Amortization	Balance at 31-Dec-24	Disposals	Amortization Expense	Balance at 31-Dec-25
Site Improvements	\$ 11,822,646	\$ (7,000)	\$ 572,775	\$ 12,388,421
Buildings	11,786,629	(205,924)	516,740	12,097,445
Furniture and Equipment	1,724,080	(169,985)	196,762	1,750,857
Motor Pool	4,246,092	(295,895)	463,106	4,413,303
Communications and Computers	1,775,263	(26,703)	151,785	1,900,345
Water Control Structures	68,065,515	-	1,862,191	69,927,706
Asset Retirement Obligations	52,855	(2,226)	49,313	99,942
	\$ 99,473,080	\$ (707,733)	\$ 3,812,672	\$ 102,578,019

	Net Book Value 31-Dec-24	Net Book Value 31-Dec-25
Land and Land Improvements	\$ 30,892,523	\$ 30,873,434
Site Improvements	8,585,534	9,300,237
Buildings	9,778,566	11,269,161
Furniture and Equipment	1,163,930	1,125,081
Motor Pool	2,539,285	2,754,235
Communications and Computers	510,181	507,257
Water Control Structures	36,849,399	37,082,486
Assets Under Construction	5,630,467	4,562,326
Asset Retirement Obligations	2,201,772	2,127,879
	\$ 98,151,657	\$ 99,602,096

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Cost	Balance at 31-Dec-23	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 5)	2,246,752	7,875	-	2,254,627
	\$ 190,162,258	\$ 9,848,084	\$ (2,385,605)	\$ 197,624,737

Accumulated Amortization	Balance at 31-Dec-23	Disposals	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)	\$ 3,686,052	\$ 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, 2025**

(4) Tangible Capital Assets (continued)

Assets Under Construction

Assets under construction having a value of \$4,562,326 (2024 - \$5,630,467) 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 (2024 - \$nil).

Gain on Sale of Tangible Capital Assets

During the year, the Authority disposed of assets with a total carrying value of \$601,052. The total proceeds on these sales were \$687,218, which resulted in a gain on sale of \$86,166.

In 2024, 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.

(5) 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 \$2,191,821 (2024 - \$2,218,627).

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 \$36,000 (2024 - \$36,000).

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:

	2025	2024
Balance, beginning of the year	\$ 2,254,627	\$ 2,246,752
Add: additional obligations	23,243	7,875
Less: obligations settled in the year	(50,049)	-
Balance, end of the year	\$ 2,227,821	\$ 2,254,627

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(6) Contaminated Site Liability

The Authority has an estimated liability of \$478,333 as at December 31, 2025 (2024 – \$812,912) for the future remediation of a contaminated property. At the beginning of the year, the contaminated site liability pertained to two properties acquired by the Authority in the 1970s in connection with flood control projects, consisting of a former landfill site in the City of Brantford and a former residential site in the City of Cambridge, each subject to remediation requests from the Ministry of the Environment, Conservation and Parks. The estimated remediation cost for the Brantford property is based on a detailed remediation plan prepared by a qualified external consultant. During the year, the Authority completed a risk evaluation of the Cambridge property in accordance with Public Sector Accounting Standard PS 3260, Liability for Contaminated Sites. Based on updated environmental site assessment information, contamination at this location was determined not to exceed applicable environmental standards, and the criteria for recognition of a liability were no longer met. As a result, the previously recognized contaminated site liability of \$334,578 related to this property was derecognized during the year and is included in “Miscellaneous Income” on the Statement of Operations and Changes in Accumulated Surplus. Accordingly, the estimated liability at December 31, 2025 relates solely to the Brantford property.

(7) 2025 Budget

The budget figures are those adopted at the General Meeting of the Authority held February 28, 2025. 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.

(8) Commitments

The Authority is committed under contracts for various infrastructure projects and expects to incur costs of approximately \$3,635,816 in 2026.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(9) 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:

	2025	2024
Operating		
Property and Liability Insurance	\$ 304,106	\$ 293,275
Building and Mechanical Equipment	1,754,448	1,516,060
Personnel	2,313,911	1,416,981
Transition	2,175,786	2,438,079
Apps' Mill Nature Centre	82,666	79,724
Laurel Creek Nature Centre	126,176	121,681
Guelph Lake Nature Centre	111,888	151,299
Shade's Mills Nature Centre	68,548	84,429
Taquanyah Nature Centre	24,963	24,074
Computer Replacement	827,774	1,004,111
Forestry Management	2,142,963	1,800,813
Cottage Operations	1,237,789	1,309,430
Property Rental	529,391	818,177
Planning Enforcement	564,311	570,732
Master Plan	477,962	460,939
Grand River Management Plan	128,152	123,587
Watershed Restoration	362,254	349,352
Water Management	1,119,169	1,080,709
Stabilization Reserve - Category 1	249,885	230,566
Stabilization Reserve - Category 2	21,885	36,769
Stabilization Reserve - Category 3	417,543	282,665
Total Operating Reserves	\$ 15,041,570	\$ 14,193,452
Capital		
Completion of Capital Projects	\$ 162,000	\$ 162,000
Cambridge Desiltation Pond	2,576	4,397
Gravel	292,110	281,707
General Capital	1,667,764	1,608,365
Major Dam Maintenance	2,995,471	3,184,852
Gauges	1,170,187	1,128,511
Conservation Area	12,757,990	9,666,021
Land Reserves	25,116,317	24,489,753
Total Capital Reserves	\$ 44,164,415	\$ 40,525,606
Motor Pool		
Motor Pool Equipment Replacement	\$ 1,346,809	\$ 1,296,376
Vehicle Insurance	103,547	99,858
Total Motor Pool Reserves	\$ 1,450,356	\$ 1,396,234
Total Reserves	\$ 60,656,341	\$ 56,115,292

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

(11) 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, 2024. At that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$140.8 billion (2023 - \$134.6 billion) and actuarial assets of \$137.9 billion (2023 - \$130.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2025, the Authority's contribution to OMERS was \$1,512,758 (2024 - \$1,357,830).

(12) 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 2025, the Foundation contributed \$521,020 (2024 - \$1,568,931) to fund projects carried out by the Authority. At December 31, 2025, the amount due from the Foundation to the Authority is \$145,987 (2024 - \$1,292,643). 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, 2025**

(13) 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, 2025 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 \$6,451 (2024 - \$1,675).

There have been no significant changes to the credit risk exposure from 2024.

(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 2024.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(14) 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.

(15) Comparative Information

Certain comparative information in the statement of cashflows has been reclassified to conform with the financial statement presentation adopted in the current year.

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(16) Segmented Information

2025									
	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	\$ 4,763,612	\$ -	\$ 1,823,600	\$ 1,052,000	\$ 2,778,900	\$ -	\$ 3,338,888	\$ 13,757,000	
Grants	2,221,338	605,097	-	1,027,569	4,231	532	-	3,858,767	
User fees and Other	-	-	1,019,605	706,615	4,276,183	14,641,149	3,134,808	23,778,360	
Donations	-	-	-	69,265	83,413	408,072	-	560,750	
Total Revenue	6,984,950	605,097	2,843,205	2,855,449	7,142,727	15,049,753	6,473,696	41,954,877	
Expenses:									
Salaries, Wages and Benefits	2,948,450	548,375	2,175,661	1,476,993	2,247,470	6,942,272	4,663,108	21,002,329	
Operating Expenses	1,773,190	56,722	505,494	1,567,620	1,941,165	5,418,371	3,135,043	14,397,605	
Amortization	1,779,464	-	-	17,571	240,644	976,530	798,463	3,812,672	
Chargebacks	-	-	-	-	-	-	(3,277,246)	(3,277,246)	
Total Expenses	6,501,104	605,097	2,681,155	3,062,184	4,429,279	13,337,173	5,319,368	35,935,360	
Annual surplus/ (deficit)	\$ 483,846	\$ -	\$ 162,050	\$ (206,735)	\$ 2,713,448	\$ 1,712,580	\$ 1,154,328	\$ 6,019,517	

**GRAND RIVER CONSERVATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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	