

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

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> |
| <u>ACCUMULATED SURPLUS COMPRISED OF</u> | | |
| 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 |
|---------------------------------------------------------|--------------------------|-----------------------|-----------------------|
| Revenue (Note 17) | | | |
| 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 |
| Expenditures (Note 17) | | | |
| Watershed Management and Monitoring | 6,192,609 | 6,052,719 | 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 | 2,294,005 | 3,523,945 |
| Recreation and Education | 11,571,550 | 13,715,262 | 11,253,189 |
| Corporate Services / Information Systems and Motor Pool | 5,940,460 | 5,547,423 | 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> |
| <hr/> | | |
| <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> |
| <hr/> | | |
| <u>Non-Cash Transactions</u> | | |
| Asset Retirement Obligations (Note 6) and Increase in Tangible Capital Assets (Note 5) | \$ 7,875 | \$ 2,246,752 |

(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)

| | <u>Actual 2024</u> | <u>Actual 2023</u> |
|------------------------------------------------|------------------------------------|------------------------------------|
| 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.

| <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, 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

| | | | Additions | | Transfers | 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**

| | | | Additions | | Transfers | | 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.

Draft

(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 | 19,713,754 |
| Operating Expenses | 1,348,083 | 269,138 | 526,071 | 1,809,998 | 10,313 | 6,408,430 | 3,251,070 | 13,623,104 |
| Amortization | 1,758,662 | - | - | 14,563 | 240,344 | 904,083 | 768,400 | 3,686,052 |
| Chargebacks | - | - | - | - | - | - | (2,825,817) | (2,825,817) |
| Total Expenses | 6,052,719 | 820,925 | 2,588,419 | 3,178,340 | 2,294,005 | 13,715,262 | 5,547,423 | 34,197,093 |
| Annual surplus/ (deficit) | \$ 453,416 | \$ - | \$ 9,023 | \$ (207,442) | \$ 5,956,454 | \$ 947,551 | \$ 439,509 | \$ 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 |