Board of Directors Meeting Agenda

Thursday, July 24, 2025

Hamilton Conservation Authority

A Healthy Watershed for Everyone

This page intentionally left blank.

Hamilton Conservation Authority

A Healthy Watershed for Everyone

Special Board of Directors Meeting

Thursday, July 24, 2025 at 6:00 p.m.

This will be a fully virtual meeting using the WebEx platform.

All meetings can be viewed live on HCA's You Tube Channel:
https://www.youtube.com/user/HamiltonConservation

1. **Call to Order** – Brad Clark

2. **Declarations of Conflict of Interest**

3. **Approval of Agenda**

4. **Other Staff Reports/Memorandums**

   Reports to be approved

   4.1. 2024 Report by the Auditors – Melanie Dugard / Kashif Khan Page 1

   4.2. 2024 12-Month Financial Results – Audited Financial Statements – Melanie Dugard / Kashif Khan Page 23

5. **New Business**

6. **In-Camera Items**

7. **Next Meeting – Thursday, September 4, 2025 at 6:00 p.m.**

8. **Adjournment**

This page intentionally left blank.

Hamilton Region Conservation Authority and Confederation Beach Park

For the year ended December 31, 2024

Report to the Board of Directors
Audit strategy and results

July 24, 2025

Melanie Dugard, CPA, CA
Principal
T 416 607 7303
E Melanie.Dugard@doane.gt.ca

Kashif Khan, CPA, ACA (Pak)
Senior Manager
T 416-360-4091
E Kashif.Khan@doane.gt.ca

Contents

Appendices

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Hamilton Region Conservation Authority and Confederation Beach Park (together, the "Authority") for the year ended December 31, 2024. This communication will assist the Board of Directors in understanding our overall audit strategy and results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of the Budget and Administration Committee and Board of Directors. It is not intended to be distributed or used by anyone other than these specified parties.

We have obtained our engagement letter dated March 13, 2023, which outlines our responsibilities and the responsibilities of management.

We were engaged to provide the following deliverables:

Deliverable
Report on the December 31, 2024 financial statements
Communication of audit strategy and results

Status of our audit

We have substantially completed our audit of the financial statements of the Authority and the results of that audit are included in this report. We will finalize our report upon resolution of the following items that were outstanding:

- Response to a few follow-up queries from fieldwork;
- Receipt of signed management representation letter (a draft has been attached in Appendix A);
- Approval of the financial statements by the Board;
- Response from the Authority's legal counsel to be dated within five days of when the financial statements are approved by the Board; and
- Inquiries which will be required between the date of the report to the date the financial statements are approved by the Board.

Auditor's report modifications

Our responsibility is to form an opinion on the financial statements. We are also required to communicate matters that impact our standard auditor's report, including key audit matters or modifications to the reports. Our auditor's opinion for prior year was qualified over the departure of not determining the Authority's liability for asset retirement obligations related to its tangible capital assets under the new accounting standard, PS 3280 – *Asset retirement obligations*. In accordance with PSAS, the Authority corrected the error in the current year's figures rather than correcting the comparative information. Our opinion on the current year's financial statements is modified because of the effects of this matter on the comparability of the current year's figures and the comparative information.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in the Appendix B.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Authority
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

Audit risks and results

We highlight our significant findings in respect of risks, accounting practices and other areas of focus.

Area of focus	Why there is a risk	Our response and findings
Admission, product, service and program fees	There is a presumed risk of fraud in revenue. The risk primarily relates to revenue recognized under user fees and other revenue.	We verified significant revenues to supporting documentation on a sample basis, as well as an analysis of user fees by month compared to expectations (prior year). We performed a reasonability analysis of the accounts receivable at year end by testing subsequent receipts and reviewing any accounts written off during the year. We tested key controls around the user fee process and also performed a substantive test of fees on a sample basis. *No matters of concern were found.*
Fraud risk from management override or weakness in segregation of duties	This is a presumed fraud risk. The risk primarily relates to inherent pressure for a public sector entity to not exceed any budgeted amounts. The combination of the opportunity and motivation makes this presumed fraud risk applicable to the Authority.	We obtained the entire population of journal entries for the year and, using data analytics, tested a sample based on characteristics deemed unusual given our knowledge of the Authority's operations. We reviewed any accounting estimates for biases, We evaluated the business rationale for significant transactions that are or appear to be outside the normal course of business. *No matters of concern were found.*
Risk of expenditures and payables understated or not recorded in the correct period	This risk primarily relates to the inherent bias to manage the budget.	We performed a variance analysis of operating expenses and accrued liabilities between prior year and current year and then investigated any significant or unusual variances. We tested a sample of expenses to ensure that the expenses were recorded in the appropriate period; and We performed a search for unrecorded liabilities by testing a sample of disbursements after year end to ensure they were recognized in the correct period. *No matters of concern were found.*

Accounting practices

Area of focus	Matter	Our response and findings
Change in accounting policy due to adoption of new standards	PS 3400 *Revenues* 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. PS 3280 *Asset Retirement Obligations* (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by the government or a government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2024 on a prospective basis and has resulted in the recognition of a liability and related increase in tangible capital assets.	We examined and determined applicability of the new disclosures required by the standards. We assisted management in the preparation of the note disclosures. Based on our audit procedures, we have determined that management's disclosures are reasonable.
Accounting estimates and disclosures	Management is responsible for determining significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of operations of the Authority. The application of those policies often involves significant estimates and judgments by management. Examples of such estimates would include allowances for ARO, doubtful accounts, the amortization rates used for tangible capital assets, and certain accruals as at year end.	Due to the adoption of the ARO related standard as mentioned above, an ARO liability of $1,231,856 for HRCA and $34,136 for CBP has been adjusted as at December 31, 2024, with a corresponding increase in tangible capital assets. Based on our audit procedures, we are of the opinion that the estimates made by management are reasonable.
Fraud and illegal acts	Our audit procedures were performed for the purpose of forming an opinion of the financial statements and although these procedures might bring possible fraudulent or illegal activities to our attention, our audit procedures are less likely to detect material misstatements arising from fraud or other illegal acts because such acts are usually accompanied by acts designed to conceal their existence.	We did not detect any fraudulent or illegal activities or material misstatements resulting from fraudulent or illegal activities during our audit.
Litigation proceedings	We are required to examine legal costs incurred in the year to verify that there are not any contingent liabilities that could have an effect today and in the future of Authority's financial results.	We are in the process of communicating with the Authority's legal counsel. Based on management's representations and our audit procedures, there are no claims or possible claims of which we are aware that may result in a contingent liability, except for the ongoing lawsuit relating to one terminated employee. Should a claim or possible claim or potential liability be identified by the Authority's legal counsel, we will inform the Committee and the Board accordingly.

Adjustments and uncorrected misstatements

Adjustments

Misstatements identified and adjusted in the financial statements by the Authority as a result of our audit procedures are included in Appendix C.

Uncorrected misstatements

We have the following non-trivial unadjusted misstatement to report.

Debit (Credit)	Statement of financial position			Income effect
Description	Assets	Liabilities	Accumulated surplus	Annual surplus
To adjust the ARO asset and liability present value based on the borrowing rate	$ (214,426)	$ 214,426	$ -	$ - -
Total unadjusted misstatements	$ (214,426)	$ 214,426	$ -	$ -

Per discussion with management, the different in present value of the ARO is based on using the more conservative GIC rate of 3.95% versus the 5% borrowing rate. This does not have a material impact to the users of the financial statements.

Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

Other reportable matters

Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Board of Directors those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

While not significant deficiencies in internal controls, we did identify the following specific best practice recommendation:

Formal risk assessment process

While we noted that there is an informal risk assessment process where management and Board discuss the prevailing risks in the committee and Board meetings, it is best practice to have a formal risk assessment process whereby the Board reviews all risks that impact the Authority as a whole.

We recommended that the Board implement a formal risk assessment process which would help management to prepare for any such risks which can impact the operations and also to have mitigation plan in place to track and update on regular basis.

Accounting

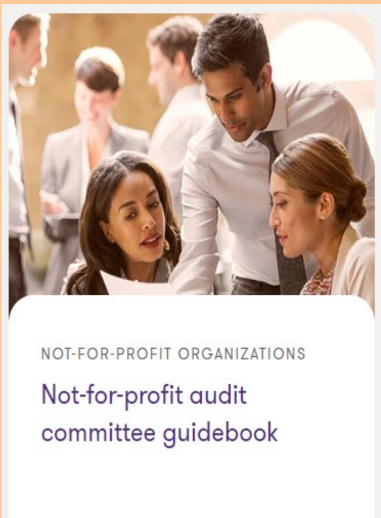
There are no items noted that would have an immediate impact on the financial statements but should be considered in future years if become applicable. Details of the changes in the accounting standards are included in Appendix D.

Assurance

No items that would have an immediate impact were noted, however items under development are included in Appendix E**.**

Thought leadership

We are leaders in the charity and not-for-profit accounting industry, and we pass our knowledge on to our clients through numerous "Thought Leadership" publications. We have included below our most recent publications.

	Not-for-profit audit committee guidebook | Doane Grant Thornton		Fraud Alert: Charities and NPOs | Doane Grant Thornton LLP		Improving financial health with reserves planning | Doane Grant Thornton LLP

Appendix A – Management Representation Letter

Management Representation Letter

July XX, 2025

Doane Grant Thornton LLP
33 Main Street East
Hamilton, ON
L8N 4K5

Dear Ms. Dugard:

We are providing this letter in connection with your audit of the financial statements of Hamilton Region Conservation Authority ("the Authority") as of December 31, 2024, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Hamilton Region Conservation Authority in accordance with Canadian public sector accounting standards**.**

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of July XX, 2025, the following representations made to you during your audit.

Financial statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Authority as at December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, as agreed to in the terms of the audit engagement.

Completeness of information

2. We have made available to you all financial records and related data and all minutes of the meetings of directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

3. We have provided you with unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.

6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.

7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.

8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.

9. We have identified to you all known related parties and related party transactions, including revenues, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Authority involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.

11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

12. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

13. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

14. We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that are in accordance with Canadian public sector accounting standards.

15. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.

16. All related party transactions have been appropriately measured and disclosed in the financial statements.

17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

18. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.

19. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

20. With respect to environmental matters:

    a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;

b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and

c) commitments have been measured and disclosed, as appropriate, in the financial statements.

21. The Authority has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the Authority's assets nor has any been pledged as collateral.

22. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

23. The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the Authority are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the Authority are considered complete.

24. Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section 3250 Retirement Benefits and 3255 Post-Employment Benefits of the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook.

25. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

26. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Authority's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

Lisa Burnside
Chief Administration Officer

Scott Fleming
Director of Finance & Central Support Services

Summary of uncorrected misstatements

Debit (Credit)	Statement of financial position			Income effect
Description	Assets	Liabilities	Accumulated surplus	**Annual surplus**
To adjust the ARO asset and liability present value	$ (214,426)	$ 214,426	$ -	$ - -
Total adjusted misstatements	$ (214,426)	$ 214,426	$ -	$ -

Appendix B – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of the board of directors	• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention • Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting • Oversee the work of the external auditors
Role of management	• Prepare financial statements in accordance with Canadian public sector accounting standards • Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud • Exercise sound judgment in selecting and applying accounting policies • Prevent, detect and correct errors, including those caused by fraud • Provide representations to external auditors • Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
Role of Doane Grant Thornton LLP	• Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards • Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS) • Maintain independence and objectivity • Be a resource to management and to those charged with governance • Communicate matters of interest to those charged with governance • Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the Authority and its operations drives our audit approach, which is risk based and specifically tailored to Hamilton Region Conservation Authority and Confederation Beach Park.

The five key phases of our audit approach

Phase	Our approach
1. Planning	• We obtain our understanding of your operations, internal controls and information systems • We plan the audit timetable together
2. Assessing risk	• We use our knowledge gained from the planning phase to assess financial reporting risks • We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	• We evaluate the design of controls you have implemented over financial reporting risks • We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls • We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	• We perform tests of balances and transactions • We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	• We conclude on the sufficiency and appropriateness of our testing • We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we maintained our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the entity and our beliefs about management's honesty and integrity.

Fraud risk factor considerations

We are responsible for planning and performing the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement caused by error or by fraud. Our responsibility includes:

- The identification and assessment of the risks of material misstatement of the financial statements due to fraud through procedures including discussions amongst the audit team and specific inquiries of management
- Obtaining sufficient appropriate audit evidence to respond to the fraud risks noted
- Responding appropriately to any fraud or suspected fraud identified during the audit

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.

We are required to communicate with you on fraud-related matters, including:

- Obtaining an understanding of how you exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks
- Inquiring as to whether you have knowledge of any actual, suspected or alleged fraud affecting the entity

The following provides a summary of some of the fraud related procedures that are performed during the audit:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Reviewing accounting estimates for biases
- Evaluating the business rationale (or the lack thereof) for significant transactions that are or appear to be outside the normal course of operations

Quality control

We have a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm’s approach to quality control and would be pleased to discuss any aspect with you at your convenience.

IDEA Data Analysis Software

We apply our audit methodology using advanced software tools. IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries. Doane Grant Thornton continues to invest in developing industry-leading audit data analytical tools.

Appendix C – Adjustments and reclassification

HRCA
Year End: December 31, 2024
Reclassifying Journal Entries
Date: 1/1/2024 To 12/31/2024

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
RJE 1	12/31/2024	A/R - YEAR END ENTRIES	813-1212-05-8004	26-3			860,000.00
RJE 1	12/31/2024	A/R - A/P HCA RE CONFED PARK	813-1242-01-9009	26-3		860,000.00	
		To reclass Operating Levy AR from YE Entries to Due to/from account					
RJE 2	12/31/2024	A/R - GENERAL (TRADE)	813-1212-01-8004	26 LEAD			330,874.25
RJE 2	12/31/2024	A/R - A/P HCA RE CONFED PARK	813-1242-01-9009	26 LEAD		330,874.25	
		To reclass the General Levy AR to Due to acct					
RJE 3	12/31/2024	PREPAID EXP - CURRENT & NEXT YEAR	813-1212-01-8009				140,510.00
RJE 3	12/31/2024	A/R - A/P HCA RE CONFED PARK	813-1242-01-9009			140,510.00	
		To reclass prepaid insurance portion related to CBP					
						1,331,384.25	**1,331,384.25**

Year End: December 31, 2024
Reclassifying Journal Entries
Date: 1/1/2024 To 12/31/2024

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit
RJE #1	12/31/2024	A/R - A/P CONFED STATEMENT	914-1242-03-9009				1,331,384.00
RJE #1	12/31/2024	Due to/from City of Hamilton	GT914-1242-03-9010			1,190,874.00	
RJE #1	12/31/2024	Prepaid expenses	GT914-1242-03-9011			140,510.00	
		To record due from City of Hamilton and payable to HRCA					
						1,331,384.00	**1,331,384.00**

Appendix D – PSAS Accounting developments

Public Sector Accounting Standards	Effective date
Section PS 1202 *Financial Statement Presentation* New Section PS 1202 *Financial Statement Presentation* replaces Section PS 1201 *Financial Statement Presentation*. The main features of the new Section include: • Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities • Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories • The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation • The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities • Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed • The requirement to provide a subtotal prior to financing activities in the statement of cash flow • Guidance on assessing the going concern assumption As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include: • PS 1300 *Government Reporting Entity* • PS 2120 *Accounting Changes* • PS 2500 *Basic Principles of Consolidation* • PS 2510 *Additional Areas of Consolidation* • PS 2601 *Foreign Currency Translation* • PS 3041 *Portfolio Investments* • PS 3060 *Interest in Partnerships* • PS 3070 *Investments in Government Business Enterprises* • PS 3100 *Restricted Assets and Revenues* • PS 3160 *Public Private Partnerships* • *PS 3230 Long-Term Debt* • *PS 3250 Retirement Benefits* • PS 3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits* • PS 3260 *Liability for Contaminated Sites* • PS 3280 Asset Retirement Obligations • PS 3300 Contingent Liabilities • PS 3310 Loan Guarantees • PS 3400 Revenue • PS 3410 Government Transfers • PS 3430 Restructuring Transactions • PS 3450 Financial Instruments • PS 4200 Financial Statement Presentation by Not-for-Profit Organizations • PSG-2 Leased Tangible Capital Assets • PSG-4 Funds and Reserves • PSG-5 Sale-*Leaseback Transactions*	Fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.

<table>
<tr><th>Public Sector Accounting Standards</th><th>Effective date</th></tr>
<tr><td>
Conceptual Framework for Financial Reporting in the Public Sector
PSAB’s Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.
The new Conceptual Framework includes:

Characteristics of public sector entities
Objectives of financial reporting
Primary users of financial reporting and their expectations
Role of financial statements
Foundations and objectives of financial statements
Qualitative characteristics of information in financial statements
Qualitative characteristics of information in financial statements and related considerations
Definitions of elements
Criteria of general recognition and derecognition; and,
Concepts of general measurement and presentation

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:

Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)
PS 1150 Generally accepted Accounting Principles
PS 1201 Financial Statement Presentation
PS 1300 Government Reporting Entity
PS 2100 Disclosure of Accounting Policies
PS 2120 Accounting Changes
PS 2130 Measurement Uncertainty
PS 2200 Related Party Transactions
PS 3150 Tangible Capital Assets
PS 3200 Liabilities
PS 3210 Assets
PS 3400 Revenue
PS 3430 Restructuring Transactions
PS 3450 Financial Instruments; and
PS 4230 Capital Assets Held by Not-for-Profit Organizations

The Conceptual Framework will be applied prospectively.
</td><td>
Fiscal years beginning on or after April 1, 2026.
Earlier adoption is permitted.
</td></tr>
<tr><td>
2022-2023 Annual Improvements
The following relevant amendments have been made to PSG 2 Leased tangible capital assets

deleted an outdated cross-reference in Appendix A to Section 3065 Leases in former Part V of the CPA Canada Handbook – Accounting, pre-changeover accounting standards and added specific guidance which outlines that lease rentals under an operating lease are included in the determination of surplus or deficit over the lease term on a straight-line basis, unless another systematic and rational basis is more representative of the time pattern of the entity’s benefit.

</td><td>Immediate</td></tr>
</table>

Strategic plan for not-for-profit organizations in the public sector

Since 2012, government not-for-profit organizations (GNPOs) have been required to adopt PSAS but were given the option of applying the specific GNPO accounting standards (PS 4200 series) in PSAS. Some GNPOs have utilized those standards, while others have not. The PSAB recognized that a “one-size-fits-all” approach may not be appropriate for all stakeholders. In March 2022, having deliberated feedback from two Consultation Papers, the PSAB decided to incorporate the PS 4200 series, with potential customizations, into PSAS as its strategy for GNPOs. This solution was defined as reviewing and amending, as appropriate, the PS 4200 series guidance and incorporating it within the PSA Handbook available for all public sector entities to apply, if appropriate. That is, the existing standards in the PS 4200 series will be reviewed to determine if they should be retained and added to PSAS. This may involve amending standards to update them and ensuring consistency with PSAB’s conceptual framework. The PSAB believes this strategy will likely:

- improve the comparability and understandability of financial statements, as all public sector entities would be applying a common reporting model;
- provide the PSAB with a tool and some flexibility to address matters warranting a different presentation or accounting treatment for GNPOs when appropriate; and
- make some of the guidance currently found only in the PS 4200 series available to all public sector entities with similar transactions, improving comparability and consistent application of accounting standards.

The implementation plan for this strategy was approved at its June 2022 meeting, and an overview of the implementation plan was presented at its March 2022 meeting. The current ordering of standard level projects will start with tangible capital assets as well as contributions (including endowments), then controlled and related entities, finishing with the reporting model. The capital asset project will focus on proposing amendments to Section PS 3150 *Tangible Capital Assets*, as a result of reviewing Section PS 4230 *Capital Assets Held by Not-for-Profit Organizations* and Section PS 4240 *Collections Held by Not-for-Profit Organizations*.

In March 2023, the Public Sector Accounting Board (“PSAB”) issued an Exposure Draft entitled *Tangible Capital Assets*. The Exposure Draft proposes amendments to PS 3150 *Tangible Capital Assets*, resulting from a review of PS 4230 and PS 4240 as part of its GNPO strategy implementation plan. The Exposure Draft proposes the following:

- Amending the definition of “tangible capital asset” in paragraph PS 3150.05(a) for only a minor clarification.
- Retaining the emphasis on recognizing the complete stock of tangible capital assets in Section PS 3150.
- Not recognizing works of art, historical treasures and collections as outlined in Section PS 3150.
- Adding guidance to Section PS 3150 to
  - identify a “collection.”
  - clarify the accounting treatment when a tangible capital asset is purchased at substantially below fair value.
  - clarify the accounting treatment for contributed materials and labour in determining the cost of a constructed tangible capital asset.
- Adding more disclosures to Section PS 3150 to convey the importance of works of art, historical treasures and collections.
- Removal of Sections PS 4230 and PS 4240 as they will no longer apply once Section PS 3150 is adopted.

The proposed effective date of the changes is for fiscal years beginning on or after April 1, 2029, with early adoption permitted. The PSAB is currently deliberating the responses.

Appendix E – Auditing developments

Canadian Exposure Drafts issued by the AASB	Effective date
Potential revisions to CAS 570 *Going Concern* Auditors are required to obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis of accounting and conclude on whether a material uncertainty exists in relation to going concern. Financial statement users have raised questions about how much auditors should be able to detect from their audit procedures in this area, and what is communicated to users about the entity's ability to continue as a going concern. This led the IAASB to initiate a project to revise the standard. In April 2023, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include: • Defining material uncertainty related to going concern • Enhancing the risk identification and assessment requirements so they are consistent with those set out in CAS 315 (Revised) *Identifying and Assessing the Risks of Material Misstatement* • Enhancing the auditor's evaluation of management's going concern assessment, including requirements to support the auditor's application of professional skepticism • Adding a requirement for the auditor to request management to extend its going concern assessment of the entity to cover at least 12 months from the date of approval of the financial statements if management has not already done so • Enhancing the auditor's consideration of information related to management's going concern assessment that becomes available to the auditor after the date of the auditor's report but before the date the financial statements are issued • Adding requirements to enhance communications about going concern in the auditor's report.	The comment period for the Exposure Draft ended on July 31, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.
Potential revisions to CAS 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* High quality audits contribute to the efficiency of capital markets and financial stability. In recent years, corporate failures and scandals have brought the topic of fraud to the forefront and led to questions from stakeholders about the role and responsibilities of the auditor relating to fraud in an audit of financial statements. This led the IAASB to initiate a project to revise the standard. In February 2024, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include: • Clarifying the roles and responsibilities of the auditor with respect to fraud • Establishing more robust requirements if fraud or suspected fraud is identified • Reinforcing the importance of exercising professional skepticism in fraud-related audit procedures • Strengthening communications through the audit with management and those charged with governance about matters related to fraud • Adding transparency on fraud-related responsibilities and procedures in the auditor's report	The comment period for the Exposure Draft ended on May 6, 2024. It is expected that the effective date for the revised standard will be for periods beginning in 2026 but the exact effective date will depend on when the standard is approved.

Hamilton Region Conservation Authority

Financial Statements

December 31, 2024

Contents

Independent auditor's report

Doane Grant Thornton LLP
33 Main Street East
Hamilton, ON
L8N 4K5

T +1 905 523 7732
F +1 905 572 9333

To the Members of
Hamilton Region Conservation Authority

Qualified Opinion

We have audited the financial statements of Hamilton Region Conservation Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Hamilton Region Conservation Authority as at December 31, 2024, and the results of its financial performance, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

As described in Note 3, the Authority was required to adopt a new accounting standard, PS 3280 – *Asset retirement obligations*, on January 1, 2023. The Authority did not determine its liability for asset retirement obligations related to its tangible capital assets in the statement of financial position as at December 31, 2023 which was a departure from Canadian public sector accounting standards. The impact of this departure from Canadian public sector accounting standards was not determined and therefore, we were not able to determine whether any adjustments might be necessary to the annual surplus and cash flows for the year ended December 31, 2023, tangible capital assets and asset retirement obligations as at December 31, 2023 and net financial assets as at January 1 and December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of this departure from PSAS.

In accordance with PSAS, the Authority corrected the error in the current year's figures rather than correcting the comparative information. Our opinion on the current year's financial statements is modified because of the effects of this matter on the comparability of the current year's figures and the comparative information.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PSAS, 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 a 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 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 and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamilton, Canada
July XX, 2025

Chartered Professional Accountants
Licensed Public Accountants

Hamilton Region Conservation Authority
Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash and cash equivalents (Note 5)	**$ 11,662,520**	$ 9,944,782
Accounts receivable	**684,786**	3,740,054
Due from Confederation Beach Park	**1,797,445**	82,970
Due from Hamilton Conservation Foundation	**41,975**	-
Total financial assets	**$ 14,186,726**	$ 13,767,806
Liabilities		
Accounts payable and accrued liabilities (Note 6)	**$ 1,479,453**	$ 1,064,860
Asset Retirement Obligation (Note 3 and 7)	**1,231,856**	-
Due to Hamilton Conservation Foundation	**-**	1,435
Employee future benefit costs (Note 9)	**165,659**	154,593
Deferred revenue (Note 10)	**889,954**	897,235
Total liabilities	**$ 3,766,922**	$ 2,118,123
Net financial assets	**$ 10,419,804**	$ 11,649,683
Non-financial assets		
Inventory	**166,957**	133,350
Prepaid expenses	**364,879**	517,829
Tangible capital assets (Page 17)	**61,418,142**	58,910,226
Total non-financial assets	**$ 61,949,978**	$ 59,561,405
Accumulated surplus (Note 11)	**$ 72,369,782**	$ 71,211,088

Contingent liabilities, contractual obligations and commitments (Notes 15 and 16)

On behalf of the Authority

____________________________ Chair ____________________________ Director

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority
Statement of Operations

For the Year Ended December 31	2024	**2024**	2023
	Budget (Note 16)	**Actual**	Actual
Revenues			
Admissions, product, service & program fees	$ 7,542,503	**$ 7,726,923**	$ 7,732,481
Municipal levy & special projects	6,965,066	**6,965,072**	7,120,000
Rentals	979,081	**970,434**	843,643
Hamilton Conservation Foundation	204,200	**875,759**	854,864
Management fees	500,000	**571,482**	535,566
Interest	470,000	**525,524**	774,296
Federal & Provincial grants	181,096	**524,530**	1,448,185
Regulatory fees	387,600	**336,650**	309,094
Private and In-Kind donations (Note 12)	3,470	**202,032**	1,823
Gain on sale of tangible capital assets	-	**2,832**	1,341,905
Other income	53,800	**134,747**	47,484
	17,286,816	**18,835,985**	21,009,340
Expenditures			
Wages & benefits	10,269,190	**9,795,113**	8,311,900
Staff expenses	317,230	**1,558,335**	1,400,378
Contractors / consultants	1,420,400	**1,156,217**	879,230
Utilities	829,936	**779,870**	883,282
Professional fees	764,069	**773,406**	786,922
Materials & supplies	597,793	**653,295**	633,322
Products for resale	315,950	**315,920**	311,399
Miscellaneous expense (Note 14)	1,682,248	**1,070,215**	974,199
	16,196,816	**16,102,371**	14,180,633
Amortization	1,200,000	**1,574,920**	1,385,482
	17,396,816	**17,677,291**	15,566,114
Annual surplus for the year	$ (110,000)	**$ 1,158,694**	$ 5,443,226
Accumulated surplus, beginning of year	71,211,088	**71,211,088**	65,767,862
Accumulated surplus, end of year	$ 71,101,088	**$ 72,369,782**	$ 71,211,088

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority
Statement of Cash Flows

December 31	2024	2023
Change in cash and cash equivalents		
Operating		
Annual surplus	**$ 1,158,694**	$ 5,443,226
Items not affecting cash		
Amortization	**1,574,920**	1,385,482
Asset retirement obligation	**(1,185,048)**	-
Accretion expense of asset retirement obligation	**46,808**	-
Gain on disposal of tangible capital assets	**(2,832)**	(1,341,905)
	1,592,542	5,486,803
Non-cash changes to operations		
Change in accounts receivable	**3,055,268**	(3,021,075)
Change in inventory	**(33,607)**	21,858
Change in prepaid expenses	**152,950**	(84,415)
Change in employee future benefit costs	**11,066**	2,898
Change in accounts payable and accrued liabilities	**414,593**	(616,568)
Change in Due to Hamilton Conservation Foundation	**(43,410)**	1,435
Change in Due from Confederation Beach Park	**(1,714,475)**	(531,147)
Change in deferred revenue	**(7,281)**	(30,924)
	3,427,646	1,228,866
Capital		
Proceeds on disposal of tangible capital assets	**6,515**	1,474,522
Increase in tangible capital assets - asset retirement obligation	**1,185,048**	-
Purchase of tangible capital assets	**(2,901,471)**	(7,215,872)
	(1,709,908)	(5,741,350)
Net change in cash and cash equivalents	**1,717,738**	(4,512,484)
Cash and cash equivalents		
Beginning of year	**9,944,782**	14,457,266
End of year	**$ 11,662,520**	$ 9,944,782

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority
Statement of Changes in Net Financial Assets

For the year ended December 31	2024 Budget	**2024 Actual**	2023 Actual
Annual surplus	$ (110,000)	**$ 1,158,694**	$ 5,443,226
Purchase of tangible capital assets	(2,000,000)	**(2,901,471)**	(7,215,872)
Asset retirement obligations		**(1,185,048)**	-
Proceeds on disposal of tangible capital assets	-	**6,515**	1,474,522
Gain on disposal of tangible capital assets	-	**(2,832)**	(1,341,905)
Amortization	1,200,000	**1,574,920**	1,385,482
Change in inventory	-	**(33,607)**	21,858
Change in prepaid expenses	-	**152,950**	(84,415)
	(800,000)	**(2,388,573)**	(5,760,329)
Change in net financial assets	(910,000)	**(1,229,879)**	(317,103)
Net financial assets, beginning of year	11,649,683	**11,649,683**	11,966,786
Net financial assets, end of year	$ 10,739,682	**$ 10,419,804**	$ 11,649,683

DRAFT

See accompanying notes and schedules to the financial statements

1. Nature of operations

The Hamilton Region Conservation Authority (the “Authority”) was established in 1966 under the Conservation Authorities Act of Ontario to manage a designated watershed of approximately 112,000 acres of which the Authority owns over 11,000. The Authority is financed from municipal contributions, government grants, donations, user fees, product sales and services.

2. Summary of significant accounting policies

Basis of accounting and management responsibility

The financial statements of the Hamilton Region Conservation Authority are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards (“PSAS”). The more significant accounting policies are summarized as follows:

Accrual accounting

These statements reflect the incorporation of the full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt of payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation or condition(s) underlying the liability is partially or wholly satisfied. Accrual accounting recognized an asset until the future economic benefit underlying the asset is partially or wholly used or lost.

Revenue recognition

i) Government transfers

Government transfers, which include municipal grants, provincial transfer payments and major project funding, are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

ii) Other revenue

Other revenue from transactions with performance obligations, such as admissions, product, service and program fee, user fees, management fees, regulatory fees, rental income and revenue from other Authority services and major projects of goods or rendering of services, are recognized as the Authority satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations are recognized when the Authority has the ability to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts collected for services that have not yet been rendered are recorded as deferred revenue and recognized when the related services are performed.

2. Summary of significant accounting policies – continued

Donations

Donations are recorded in income in the period they are received, unless designated for a specific purchase that is to occur in a later period at which time the related revenue will be recognized. Donated tangible capital assets, materials and services are recorded at fair market value when fair value can be reasonably estimated.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances held in the bank.

Pension plans

The Authority maintains a defined contribution plan for employees with more than one year service and who were hired subsequent to January 1, 2006.

Under the plan, the Authority matches employee contributions to a maximum of 6% of gross income.

Tangible capital assets

Tangible capital assets are comprised of property, plant and equipment and are recognized as assets in the period they are acquired. Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided on a straight-line basis, declining balance for vehicles, over the estimated useful life for all assets except land which is not amortized. Work in progress assets are not amortized until the asset is available for productive use.

Service life of tangible capital assets is estimated as follows:

Land improvements	10 - 20 years
Infrastructure	20 - 75 years
Building & building improvements	40 years
Machinery, equipment	3 - 10 years
Vehicles (light and heavy duty)	15 - 35 percent

The Authority has a collection of art and historical buildings which now include a multitude of artifacts and chattels which came with the acquisition of the Westfield Heritage Village. None of these are included as part of the tangible capital assets due to the lack of any objective value comparatives.

Inventory

Inventories for resale are valued at the lower of cost or net realizable value.

2. Summary of significant accounting policies – continued

Financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and amounts due from Confederation Beach Park.

Financial liabilities measured at amortized cost include accounts payable, due to Confederation Beach Park and due to Hamilton Conservation Foundation.

Use of estimates

The preparation of financial statements in conformity with PSAS accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Contaminated sites

Contaminated sites are 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. Changes in this estimate are recorded in the Authority's statement of operations.

3. Change in accounting policy

The Authority adopted the following standards concurrently beginning January 1, 2024 prospectively:

PS 3400 *Revenues* 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.

PS 3280 *Asset Retirement Obligations* (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets

3. Change in accounting policy – continued

controlled by the government or a government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2024 on a prospective basis.

In the past, the Authority has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from Authority's buildings, wells and underground storage tanks under Authority's operations. The Authority reports liabilities related to the legal obligations where the Authority is obligated to incur costs to retire a tangible capital asset.

The Authority's ongoing efforts to assess the extent to which designated substances exist in Authority's assets, and new information obtained through regular maintenance and renewal of Authority assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

As a result of applying this accounting standard, an asset retirement obligation of $1,231,856 was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Authority-owned buildings and equipment, including tanks. The Authority has made the adjustment on a prospective basis, with no retroactive adjustment.

No restatement has been recorded as a result of applying these new accounting standards.

4. Confederation Beach Park

These statements do not include the operating revenues and expenditures relating to Confederation Beach Park which is a separate and distinct operation owned by the City of Hamilton and managed by the Authority under a formal management agreement with the municipality.

4. Confederation Beach Park (continued)

All existing real and personal Confederation Beach Park property as at January 1, 1980, all subsequently acquired properties, and any surpluses or deficits generated during a fiscal year will remain the exclusive property of the City of Hamilton.

Under the terms of the management agreement, the Hamilton Region Conservation Authority has exclusive authority to manage specifically defined areas of Confederation Beach Park for the City of Hamilton. In payment for the management function, the Authority receives a management fee of 15% of operating expenditures. This management fee accrues to the Authority for its own purposes. The newest version of the management agreement has been agreed to and signed by both the City of Hamilton and the Hamilton Region Conservation Authority and runs from January 1, 2017 until December 31, 2026, inclusive.

5. Restricted cash

Included in cash and cash equivalents is $228,683 (2023 – $217,969) that was received as an endowment fund which has been externally restricted by the organization that contributed the amount.

6. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of $63,247 (2023 – $28,619).

7. Asset retirement obligations (ARO)

The asset retirement obligation is recognized based on management's best estimate of the future expenditures required to settle the obligation. A liability has been established, reflecting the estimated costs associated with the retirement of tangible capital assets. Under the prospective method, the assumptions used at the time of initial recognition are those in effect when the legal obligation was incurred. These assumptions are reviewed and, if necessary, updated on an annual basis as part of the ongoing assessment.

All liabilities for Asset Retirement Obligations are recognized at current estimated costs, discounted to their present value at the rate of 3.95%.

7. Asset retirement obligations (ARO) (continued)

	Asbestos	Wells	Underground Storage Tanks	**2024 Total**
Balance, beginning of the year	-	-	-	**-**
ARO liability recorded on adoption of the ARO standard (Note 3)	$ 232,488	$ 214,355	$ 738,205	**$ 1,185,048**
Accretion expense for the year	9,183	8,467	29,158	**46,808**
Less: Obligations settled in the year	-	-	-	**-**
Balance, end of the year	$ 241,671	$ 222,822	$ 767,363	**$ 1,231,856**

8. Related party transactions

	2024	2023
Municipal funding recognized as revenue in the current year		
City of Hamilton	**$ 6,932,756**	$ 7,089,400
Township of Puslinch	**32,316**	30,600
Funding from the Hamilton Conservation Foundation	**875,759**	854,864
Management fees from Confederation Beach Park	**571,482**	535,566
(Payable to) receivable from the City of Hamilton	**(500,508)**	3,443,248
Municipal taxes paid to the City of Hamilton and Township of Puslinch	**(138,137)**	(134,577)

9. Employee future benefit costs

	2024	2023
Accumulated Sick Leave Liability	**$ 21,249**	$ 20,477
Supplemental early retirement package	**99,819**	99,898
Post-retirement benefits	**44,591**	34,217
	$ 165,659	$ 154,593

9. Employee future benefit costs – continued

Under the Authority's sick leave plan, certain employees hired prior to January 1, 1993 become entitled to a cash payment when they leave the Authority's employment. The liability for these accumulated days, to the extent they are vested and could be taken in cash by employees on termination, is funded by operations.

The Authority committed in October 2002 to pay a former general manager a supplemental early retirement package. At the end of the current year, the cost of an annuity to satisfy this obligation was $99,819 (2023 - $99,898) based on competitive quotes received from several insurance companies.

The Authority is committed to provide full health, life and vision coverage for all employees who have retired prior to the age of 65 for the period until they reach 65 years of age. A liability has been set up based on the current benefit rates for those retirees eligible for this coverage. The estimated value of these benefits in the current year is $44,591 (2023 - $34,217).

10. Deferred revenue

Revenue received but not earned at year-end is as follows:

	2024	2023
Storage fees and deposits	**$ 889,954**	$ 897,235

11. Accumulated surplus

	2024
Reserve Funds	
Acquisitions of provincially significant lands or eligible water related projects	**$ 3,065,690**
Future projects and operating areas	**8,454,951**
Tangible Capital Assets	**61,418,142**
Changes in accumulated surplus during the year	**(569,001)**
Accumulated surplus	**$ 72,369,782**

12. Donations in kind

During the year, in addition to cash donations, the Authority was the beneficiary through donations in kind of tangible capital assets with a total appraised value of $1,432 (2023 - $1,644).

13. Defined contribution pension plan

Employer contributions to the Authority's defined contribution pension plan for the year was $379,076 (2023 - $348,820). The Plan is designed whereby employee contributions, ranging from 2% to 6% of gross salary, are matched by the employer.

14. Miscellaneous expense breakdown

	2024	2023
Computer software, hardware & support	$ 268,945	$ 296,768
Property taxes	138,137	134,577
Communications & advertising	117,693	78,711
Memberships & subscriptions	103,773	105,256
Postage, printed material & supplies	102,142	89,927
Mechanical & garage supplies	94,240	102,006
Third party equipment rental	51,234	21,305
Accretion of Asset Retirement Obligation	46,808	-
Interest & banking	15,054	16,359
All other	132,189	129,291
	$ 1,070,215	$ 974,199

15. Contingent liabilities

The Authority is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Authority believes that insurance coverages are adequate, and that no material exposure exists on the eventual settlement of such litigation.

16. Contractual obligations and commitments

As at December 31, 2024, the Authority is committed to $17,174 (2023 - $15,898) with respect to ongoing contracts for equipment in the following years:

2025	**6,432**
2026	**3,912**
2027	**6,831**
	$ 17,174

17. Budget figures

The budgeted figures are presented for comparison purposes and were adopted by the Authority on December 7, 2023. The adopted budget conforms to the Canadian Public Sector Accounting Standards except for the effect of the acquisition and amortization of tangible capital assets and principal repayment on debt. A reconciliation of the adopted and reported budgets is as presented below.

Adopted budget:	
Budgeted annual surplus for the year	$ 10,000
Adjustments to adopted budget:	
Amortization of tangible capital assets	(1,200,000)
Block funding for major maintenance and capital projects	2,000,000
Removal of intercompany and funding from reserves	(920,000)
Restated budgeted deficit	$ (110,000)

18. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Authority's financial instruments. The maximum exposure to credit risk for the financial assets would be the carrying values shown on the statement of financial position.

Credit risk

The Authority is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Authority's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents and accounts receivable. The Authority's cash and cash equivalents are with a Canadian chartered bank and as a result management believes the risk of loss to be remote. The Authority provides credit to its customers in the normal course of operations. Management believes that the Authority's credit risk with respect to accounts receivable is limited. The Authority manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Authority will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities, due to Confederation Beach Park and due to Hamilton Conservation Foundation. The Authority manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Authority's financial assets are considered to be highly liquid.

18. Financial Instruments – continued

Liquidity risk (continued)

The following table sets out the expected maturities, representing undiscounted cash flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 1,479,453	$ -	$ -	$ -	$ 1,479,453

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

It is management's opinion that unless otherwise noted, the Authority is not exposed to significant market risk arising from its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority’s cash and cash equivalents earn interest at prevailing market rates and management believes the interest rate exposure related to these financial instruments is negligible.

Changes in risk

There have been no significant changes in the Authority's risk exposures from the prior year.

Hamilton Region Conservation Authority
Schedule of Tangible Capital Assets

	Land	Land Improvements	Infrastructure	Building & Building Improvements	Machinery & Equipment	Vehicles	Work In Progress (WIP)	**December 31 2024**	December 31 2023
Cost									
Beginning of year	$ 36,776,652	$ 6,874,318	$ 23,749,938	$10,114,500	$ 2,929,515	$ 3,244,196	$ 1,314,863	**$ 85,003,982**	$ 78,300,648
Additions	-	-	34,520	-	435,425	323,446	2,108,080	**2,901,471**	7,215,872
Disposals	-	-	(3,640)	-	(101,484)	(59,217)	-	**(164,341)**	(512,537)
ARO	-	-	952,560	232,488	-	-	-	**1,185,048**	-
Transfer from WIP	-	496,321	-	158,260	98,453	-	(753,034)	**-**	-
End of year	36,776,652	7,370,639	24,733,378	10,505,248	3,361,909	3,508,425	2,669,909	**88,926,160**	85,003,982
Accumulated Amortization									
Beginning of year	-	3,239,004	14,201,071	4,943,584	1,510,380	2,199,717	-	**26,093,756**	25,088,195
Annual amortization	-	243,053	477,575	229,204	290,791	275,045	-	**1,515,668**	1,385,482
ARO amortization	-	-	47,628	11,624	-	-	-	**59,252**	-
Disposals	-	-	(1,383)	-	(100,182)	(59,093)	-	**(160,658)**	(379,921)
End of year	-	3,482,057	14,724,891	5,184,412	1,700,989	2,415,669	-	**27,508,018**	26,093,756
Net book value	$ 36,776,652	$ 3,888,582	$ 10,008,487	$ 5,320,836	$ 1,660,920	$ 1,092,756	$ 2,669,909	**$ 61,418,142**	$ 58,910,226

*Retirements - Computer hardware and software, once fully amortized, are removed from both assets and accumulated amortization

Hamilton Region Conservation Authority
Schedule of Corporate Support

For the Year Ended December 31	2024	**2024**	2023
	Budget	**Actual**	Actual
Revenues			
Municipal levy & special projects	$ 2,098,138	**$ 2,472,373**	$ 2,494,159
Management fees	500,000	**571,482**	535,566
Interest	470,000	**525,524**	774,296
Rentals	593,681	**353,690**	463,531
Hamilton Conservation Foundation	201,700	**182,376**	215,614
Admissions, product, service & program fees	74,000	**111,228**	85,217
Other income	-	**25,748**	8,439
	3,937,519	**4,242,421**	4,576,822
Expenditures			
Wages & benefits	3,879,190	**3,492,210**	2,905,487
Staff expenses	137,850	**780,194**	728,639
Utilities	396,175	**327,862**	422,013
Contractors / consultants	181,500	**245,059**	184,269
Professional fees	215,002	**218,188**	224,791
Materials & supplies	101,700	**77,601**	49,185
Miscellaneous expense (Note 12)	1,333,327	**715,291**	589,863
	6,244,743	**5,856,404**	5,104,247
Amortization	310,000	**479,767**	372,804
	6,554,743	**6,336,171**	5,477,051
Annual deficit	$ (2,617,224)	**$ (2,093,750)**	$ (900,229)

Hamilton Region Conservation Authority
Schedule of Watershed Management Services

For the Year Ended December 31	2024	**2024**	2023
	Budget	**Actual**	Actual
Revenues			
Municipal levy & special projects	$ 2,213,262	**$ 1,839,033**	$ 1,702,020
Regulatory fees	387,600	**336,650**	309,094
Federal & Provincial grants	161,096	**292,141**	198,185
Private and In-Kind donations	1,470	**200,600**	179
Hamilton Conservation Foundation	-	**17,245**	9,700
Other income	-	**5,912**	3,645
	2,763,428	**2,691,581**	2,222,821
Expenditures			
Wages & benefits	2,417,485	**2,040,281**	1,650,742
Staff expenses	27,100	**288,717**	228,730
Contractors / consultants	1,063,500	**123,591**	237,891
Professional fees	70,193	**60,320**	95,628
Materials & supplies	112,750	**34,615**	68,333
Utilities	23,500	**19,913**	29,431
Miscellaneous expense (Note 12)	54,100	**69,536**	87,034
	3,768,628	**2,636,973**	2,397,788
Annual surplus (deficit)	$(1,005,200)	**$ 54,608**	$ (174,967)

Hamilton Region Conservation Authority
Schedule of Land Management Operations

For the Year Ended December 31	2024 Budget	**2024 Actual**	2023 Actual
Revenues			
Admissions, product, service & program fees	$ 7,136,003	**$ 7,271,186**	$ 7,337,387
Municipal levy & special projects	2,000,000	**2,000,000**	2,300,000
Hamilton Conservation Foundation	-	**656,957**	528,750
Rentals	383,900	**601,459**	364,586
Federal & Provincial grants	-	**232,389**	1,250,000
Other income	53,800	**103,087**	35,400
Gain (loss) on sale of tangible capital assets	-	**2,832**	1,341,905
	9,573,703	**10,867,910**	13,158,029
Expenditures			
Wages & benefits	3,259,714	**3,614,068**	3,170,244
Contractors / consultants	165,400	**767,861**	416,240
Materials & supplies	335,093	**474,710**	456,289
Professional fees	443,984	**468,393**	442,447
Staff expenses	149,580	**398,598**	368,187
Utilities	352,761	**374,909**	375,859
Products for resale	304,150	**304,941**	297,401
Miscellaneous expense (Note 12)	210,596	**214,853**	235,287
	5,221,279	**6,618,333**	5,761,953
Amortization	830,000	**995,899**	919,020
	6,051,279	**7,614,232**	6,680,973
Annual surplus	$ 3,522,424	**$ 3,253,678**	$ 6,477,056

Hamilton Region Conservation Authority
Schedule of Westfield Heritage Village

For the Year Ended December 31	2024 Budget	**2024 Actual**	2023 Actual
Revenues			
Municipal contributions	$ 653,666	**$ 653,666**	$ 623,821
User fees	316,500	**329,676**	292,382
Hamilton Conservation Foundation	2,500	**19,181**	100,800
Food and novelty	16,000	**14,833**	17,495
Donations	2,000	**1,432**	1,644
Federal and Provincial grants	20,000	**-**	-
Other Authority generated	1,500	**15,285**	15,526
	1,012,166	**1,034,073**	1,051,668
Expenditures			
Wages & benefits	712,801	**648,554**	585,427
Staff expenses	2,700	**90,827**	74,822
Materials & supplies	48,250	**66,368**	59,516
Utilities	57,500	**57,187**	55,979
Professional fees	34,890	**26,506**	24,057
Contractors / consultants	10,000	**19,707**	40,830
Products for resale	11,800	**10,980**	13,998
Miscellaneous expense (Note 12)	84,225	**70,533**	62,015
	962,166	**990,661**	916,644
Amortization	60,000	**99,254**	93,658
	1,022,166	**1,089,915**	1,010,302
Annual surplus (deficit)	$ (10,000)	**$ (55,841)**	$ 41,366

This page intentionally left blank.

Confederation Beach Park

Financial Statements

December 31, 2024

Contents

Doane Grant Thornton

Independent auditor's report

Doane Grant Thornton LLP
33 Main Street East
Hamilton, ON
L8N 4K5

T +1 905 523 7732
F +1 905 572 9333

To the Members of
Hamilton Region Conservation Authority

Qualified Opinion

We have audited the financial statements Confederation Beach Park (the "Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and changes in net debt for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Confederation Beach Park as at December 31, 2024, and the results of its financial performance, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

As described in Note 3, the Organization was required to adopt a new accounting standard, PS 3280 – *Asset retirement obligations*, on January 1, 2023. The Organization did not determine its liability for asset retirement obligations related to its tangible capital assets in the statement of financial position as at December 31, 2023 which was a departure from Canadian public sector accounting standards. The impact of this departure from Canadian public sector accounting standards was not determined and therefore, we were not able to determine whether any adjustments might be necessary to the annual surplus and cash flows for the year ended December 31, 2023, tangible capital assets and asset retirement obligations as at December 31, 2023 and net debt as at January 1 and December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of this departure from PSAS.

In accordance with PSAS, the Organization corrected the error in the current year's figures rather than correcting the comparative information. Our opinion on the current year's financial statements is modified because of the effects of this matter on the comparability of the current year's figures and the comparative information.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter – Supplementary Information

We draw attention to the fact that the supplementary information included in the Schedule of Operating Activity does not form part of the financial statements. We have not audited or reviewed this *supplementary* information and accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamilton, Canada
July XX, 2025

Chartered Professional Accountants
Licensed Public Accountants

Confederation Beach Park
Statement of Financial Position

December 31	**2024**	2023
Financial assets		
Due from City of Hamilton	**$ 1,190,874**	$ -
Liabilities		
Due to Hamilton Region Conservation Authority	**$ 1,797,445**	$ 82,970
Asset Retirement Obligations (Note 3 and 11)	**34,136**	-
Deferred revenue	**22,767**	17,450
Total liabilities	**1,854,348**	100,420
Net debt	**(663,474)**	(100,420)
Non-financial assets		
Prepaid expenses	**$ 140,510**	$ -
Tangible capital assets (Page 11)	**3,916,413**	4,222,352
Accumulated surplus (Note 5)	**$ 3,393,449**	$ 4,121,932

Contingencies (Note 7)

On behalf of the Authority

_______________________ Chair _______________________ Director

See accompanying notes to the financial statements

Confederation Beach Park
Statement of Operations

For the Year Ended December 31	2024	**2024**	2023
	Budget (Note 8)	**Actual**	Actual
Revenue			
Admissions, product and service fees	$ 2,390,000	**$ 2,305,585**	$ 2,218,574
Municipal contributions	1,035,000	**1,187,763**	1,191,599
Lease and rentals	583,000	**691,047**	893,400
Other income	40,000	**42,791**	60,631
	4,048,000	**4,227,186**	4,364,204
Expenditures (Note 6)			
Operating	3,541,478	**4,111,547**	3,847,089
Management fees	537,522	**571,482**	535,566
Marketing	42,000	**24,842**	29,375
	4,121,000	**4,707,871**	4,412,030
Amortization	350,000	**348,222**	377,655
	4,471,000	**5,056,093**	4,789,685
Net annual deficit for the year	$ (423,000)	**$ (828,907)**	$ (425,481)
Operating surplus distribution (Note 10)	-	**100,424**	(448,177)
Deficit for the year	$ (423,000)	**$ (728,483)**	$ (873,658)
Accumulated surplus, beginning of year	4,121,932	**4,121,932**	4,995,590
Accumulated surplus, end of year	$ 3,698,932	**$ 3,393,449**	$ 4,121,932

See accompanying notes to the financial statements

Confederation Beach Park
Statement of Changes in Net (Debt) Financial Assets

For the Year Ended December 31	2024	**2024**	2023
	Budget	**Actual**	Actual
Annual deficit for the year	$ (423,000)	**$ (828,907)**	$ (425,481)
Acquisition of tangible capital assets	(175,000)	**(9,444)**	(52,597)
Changes in estimate of tangible capital assets - asset retirement obligations	-	**(32,839)**	-
Amortization	350,000	**348,222**	377,655
Change in prepaid expenses	-	**(140,510)**	-
Operating surplus distribution (Note 9)	-	**100,424**	(448,177)
Change in net debt	(248,000)	**(563,054)**	(548,601)
Net debt, beginning of the year	(100,424)	**(100,424)**	448,177
Net debt, end of year	$ (348,424)	**$ (663,474)**	$ (100,424)

1. Nature of operations

Under the terms of a management agreement originating December 1, 1991, the Hamilton Region Conservation Authority (the "Authority") has exclusive authority to manage Confederation Beach Park (the "Organization") for the City of Hamilton. In payment of the management function, the Authority receives a management fee of 15% of operating expenditures. This management fee accrues to the Authority for its own purposes. All existing real and personal Confederation Beach Park property as at December 1, 1991, all subsequently acquired properties, and any surpluses or deficits generated during a fiscal year will remain the exclusive property of the City of Hamilton. The newest version of the management agreement has been agreed to and signed by both the City of Hamilton and the Hamilton Region Conservation Authority and runs from January 1, 2017 until December 31, 2026, inclusive.

2. Summary of significant accounting policies

Basis of accounting and management responsibility

The financial statements of the Confederation Beach Park are the responsibility of and prepared by management of the Hamilton Region Conservation Authority in accordance with Canadian Public Sector Accounting Standards (PSAS). The more significant accounting policies are summarized as follows:

Accrual accounting

These statements reflect the incorporation of the full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt of payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation or condition(s) underlying the liability is partially or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partially or wholly used or lost.

Revenue recognition

i) Government transfers

Government transfers, which include municipal grants, provincial transfer payments and major project funding, are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

2. Summary of significant accounting policies – continued

Revenue recognition – continued

ii) Other revenue

Other revenue from transactions with performance obligations, such as admissions, product and service fees, leases and rental and major projects of goods or rendering of services, are recognized as the Organization satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations are recognized when the Organization has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts collected for services that have not yet been rendered are recorded as deferred revenue and recognized when the related services are performed.

iii) Donations

Donations are recorded in income in the period they are received. Donation pledges are recognized when a realizable value can be determined, and collection is assured. Donated tangible capital assets, materials and services are recorded at fair market value when fair value can be reasonably estimated.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided on a straight-line basis over the estimated useful life for all assets. Work in progress assets are not amortized until the asset is available for productive use.

Service life of tangible capital assets is as follows:

Land improvements	10 - 20 years
Building & building improvements	40 years
Machinery, equipment	3 - 10 years
Infrastructure	20 - 40 years

Internal vehicle and equipment rentals

Authority owned vehicles and equipment are charged on an hourly basis to the appropriate expenditure categories at rates comparable to prevailing rates in the private business sector.

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

3. Change in accounting policy

The Organization adopted the following standards concurrently beginning January 1, 2024 prospectively:

PS 3400 *Revenues* 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.

PS 3280 *Asset Retirement Obligations* (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by the government or a government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2024 on a prospective basis.

In the past, the Organization has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from the Organization's buildings, wells and underground storage tanks under the Organization's operations. The Organization reports liabilities related to the legal obligations where the Organization is obligated to incur costs to retire a tangible capital asset.

The Organization's ongoing efforts to assess the extent to which designated substances exist in the Organization's assets, and new information obtained through regular maintenance and renewal of the Organization assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

As a result of applying this accounting standard, an asset retirement obligation of $34,136 was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Authority-owned buildings and equipment, including tanks. The Authority has made the adjustment on a prospective basis, with no retroactive adjustment.

3. Change in accounting policy – continued

No restatement has been recorded as a result of applying these new accounting standards.

4. Related party transactions

Confederation Beach Park paid $571,482 (2023 - $535,566) in management fees to the Hamilton Region Conservation Authority. These amounts were calculated in accordance with the management agreement. Further, the Authority paid for expenses of Confederation Beach Park which are receivable from the City of Hamilton and are payable to the Authority amounting to $1,190,874.

5. Accumulated surplus

	2024	2023
Accumulated surplus consists of:		
Operating deficit	**(522,964)**	(100,420)
Tangible capital assets	**3,916,413**	4,222,352
Accumulated surplus	**$ 3,393,449**	$ 4,121,932

6. Expenditures by object

	2024	2023
Salaries, wages and employee benefits	**$ 2,511,241**	$ 2,174,259
Contracts/consulting	**333,480**	261,520
Materials, goods, supplies, utilities and misc	**1,291,668**	1,440,685
Management fees	**571,482**	535,566
	$ 4,707,871	$ 4,412,030

7. Contingencies

Confederation Beach Park is involved from time to time in litigation which arises in the normal course of business. In respect of any outstanding claims, the organization believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

8. Budget figures

The budgeted figures are presented for comparison purposes and conforms to the Canadian Public Sector Accounting Standards except for the effect of the acquisition and amortization of tangible capital assets and principal repayment on debt. A reconciliation of the adopted and reported budgets is as presented below.

8. Budget figures – continued

Adopted budget:		
Net annual deficit for the year	$	(248,000)
Adjustments to adopted budget		
Less:		
Amortization expense		(350,000)
Plus:		
Capital & special maintenance funding		175,000
Annual (deficit)/surplus per Statement of Operations		(423,000)

9. Absence of Cash Flow Statement

As part of the management agreement referenced in Note 1, Confederation Beach Park has no separate bank account and all cash transactions and changes in working capital are handled by the Authority and are reflected solely in the Due to/from account. Consequently, a cash flow statement for this entity would serve no value and is purposely omitted.

10. Operating surplus distribution

As required under article 15. Trust Monies, Surplus Funds and operating deficits of the Confederation Beach Park Management agreement "(2) Any operating surplus (deficit) shall be transferred to (from) the Waterpark Reserve fund in accordance with the resolutions approved by City Council on December 9, 2015 in response to Report PW11005c/FCS15090". The Waterpark Reserve fund is in the custody of, and managed by, the City of Hamilton. Any deficit not covered through this reserve fund, will be paid to the Authority by City of Hamilton.

11. Asset retirement obligations (ARO)

	Asbestos	Wells	Underground Storage Tanks	**2024 Total**
Balance, beginning of the year	-	-	-	**-**
ARO liability recorded on adoption of the ARO standard (Note 3)	$ 4,212	$ 5,207	$ 23,420	**$ 32,839**
Accretion expense for the year	$ 166	$ 206	$ 925	**$ 1,297**
Less: Obligations settled in the year	$ -	$ -	$ -	**$ -**
Balance, end of the year	$ 4,378	$ 5,413	$ 24,345	**$ 34,136**

Confederation Beach Park
Schedule of Tangible Capital Assets
Year Ended December 31

	Land Improvements	Infrastructure	Building & Building Improvements	Machinery & Equipment	**Total 2024**	Total 2023
Cost						
Beginning of year	$ 27,589	$ 12,381,553	$ 5,253,599	$ 521,573	**$ 18,184,314**	$ 18,131,717
Additions	-	-	-	9,444	**9,444**	52,597
ARO	-	28,627	4,212	-	**32,839**	-
End of year	$ 27,589	$ 12,381,553	$ 5,253,599	$ 531,017	**$ 18,226,597**	$ 18,184,314
Accumulated amortization						
Beginning of year	$ 11,587	$ 10,540,289	$ 3,063,184	$ 346,902	**$ 13,961,962**	$ 13,584,307
Annual amortization	1,104	170,605	103,734	71,137	**346,580**	377,655
ARO amortization	-	1,431	211	-	**1,642**	-
End of year	$ 12,691	$ 10,712,325	$ 3,167,129	$ 418,039	**$ 14,310,184**	$ 13,961,962
Net book value	$ 14,898	$ 1,669,228	$ 2,086,470	$ 112,978	**$ 3,916,413**	$ 4,222,352

Confederation Beach Park
Schedule of Operating Activity (Unaudited)
December 31, 2024

	Budget 2024	**Actual 2024**	Actual 2023
Open Greenspace Park and Lakeland Centre			
Revenue			
City support	$ 860,000	**$ 860,000**	$ 835,000
Lakeland centre	112,000	**132,614**	126,496
Facilities, films, etc.	90,000	**101,559**	97,708
	1,062,000	**1,094,173**	1,059,204
Expenses			
Park operations	540,000	**655,165**	621,113
Lakeland centre	301,000	**291,909**	277,801
Adv, G&A, ins.	26,000	**33,533**	43,084
Management fees	130,050	**146,045**	140,160
	997,050	**1,126,652**	1,082,158
Open Greenspace Park deficit	$ 64,950	**$ (32,479)**	$ (22,954)
Commercial Operations			
Revenues			
Wild Waterworks admissions	$ 2,165,000	**$ 2,139,738**	$ 2,090,875
Wild WaterWorks food	153,000	**161,448**	146,300
Park commercial tenants	493,000	**502,992**	711,226
	2,811,000	**2,804,178**	2,948,401
Expenses			
Water park operations	2,155,000	**2,350,622**	2,109,812
Concession operations	128,478	**141,875**	103,869
Marketing & Advertising	42,000	**23,600**	27,906
Admin/Ins/Water	391,000	**320,890**	395,193
Management fees	407,472	**425,437**	395,406
	3,123,950	**3,262,424**	3,032,186
Commercial Operations deficit	$ (312,950)	**$ (458,246)**	$ (83,785)
Combined operations deficit	$ (248,000)	**$ (490,725)**	$ (106,739)
Less:			
Amortization expense	(350,000)	**(348,222)**	(377,655)
Capital and special maintenance expense	(175,000)	**(327,763)**	(349,918)
Plus:			
Capital & special maintenance funding	175,000	**328,359**	356,234
Capital addback	175,000	**9,444**	52,597
Deficit per Statement of Operations	$ (423,000)	**$ (828,907)**	$ (425,481)