

DRAFT #5
June 6, 2022

Financial Statements of

**TORONTO AND REGION
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Toronto and Region Conservation Authority

Opinion

We have audited the financial statements of Toronto and Region Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Financial Position

(In thousands of dollars)

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Financial assets:		
Cash and cash equivalents (note 2)	\$ 45,413	\$ 35,070
Investments (note 3)	16,000	7,758
Receivables (notes 4 and 14)	54,812	46,870
	116,225	89,698
Liabilities		
Financial liabilities:		
Payables and accrued liabilities (note 18)	27,694	24,149
Deferred revenue (notes 2 and 5)	44,565	45,314
Non-revolving credit facility (note 6)	13,150	—
Vacation pay entitlements	2,635	2,551
Derivative financial instrument (note 6)	6,403	7,704
	94,447	79,718
Net financial assets	21,778	9,980
Non-financial assets:		
Other assets	1,946	2,563
Tangible capital assets (note 7)	461,399	444,012
	463,345	446,575
Contingent liabilities and commitments (note 15)		
Contractual rights (note 17)		
Accumulated surplus (note 8)	\$ 485,123	\$ 456,555

See accompanying notes to financial statements.

On behalf of Toronto and Region Conservation Authority:

_____ Chair

_____ Secretary Treasurer

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Operations and Accumulated Surplus

(In thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 16)	2021 Actual	2020 Actual
Revenue (note 19):			
Government funding (note 9)	\$ 154,016	\$ 127,251	\$ 132,328
Authority generated (notes 7, 10 and 14)	36,364	32,326	29,293
Investment income	532	582	566
	190,912	160,159	162,187
Expenses (notes 11 and 19):			
Watershed Studies and Strategies	2,451	1,802	2,033
Water Risk Management	76,178	55,136	71,404
Regional Biodiversity	21,377	18,706	14,362
Greenspace Securement and Management	8,396	3,836	3,657
Tourism and Recreation	26,487	17,612	16,174
Planning and Development Review	13,975	12,186	10,372
Education and Outreach	9,147	6,592	9,532
Sustainable Communities	9,770	6,391	6,721
Corporate Services	17,093	10,583	8,138
	184,874	132,844	142,393
Net surplus before the undernoted	6,038	27,315	19,794
Unrealized gain (loss) on derivative financial instrument (note 6)	–	1,301	(4,604)
Net loss on disposal of tangible capital assets (note 7)	–	(48)	(8,472)
Net surplus	6,038	28,568	6,718
Accumulated surplus, beginning of year	456,555	456,555	449,837
Accumulated surplus, end of year	\$ 462,593	\$ 485,123	\$ 456,555

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Changes in Net Financial Assets

(In thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 16)	2021 Actual	2020 Actual
Net surplus	\$ 6,038	\$ 28,568	\$ 6,718
Purchase of tangible capital assets	—	(25,526)	(18,146)
Contributed tangible capital assets (note 7)	—	(408)	(3,190)
Net loss on disposal of tangible capital assets (note 7)	—	48	8,472
Write-off of tangible capital assets	—	18	683
Proceeds on disposal of tangible capital assets	—	346	6
Amortization of tangible capital assets	8,736	8,135	8,018
Change in other assets	—	617	(1,620)
Increase in net financial assets	14,774	11,798	941
Net financial assets, beginning of year	9,980	9,980	9,039
Net financial assets, end of year	\$ 24,754	\$ 21,778	\$ 9,980

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Cash Flows

(In thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 28,568	\$ 6,718
Items not involving cash:		
Amortization of tangible capital assets	8,135	8,018
Accrued interest income on investments	(28)	(57)
Unrealized (gain) loss on derivative financial instrument	(1,301)	4,604
Net loss on disposal of tangible capital assets	48	8,472
Write-off of tangible capital assets	18	683
Contributed tangible capital assets	(408)	(3,190)
Change in non-cash operating working capital:		
Receivables	(7,942)	(17,297)
Other assets	617	(1,620)
Payables and accrued liabilities	3,545	7,486
Vacation pay entitlements	84	(331)
Deferred revenue	(749)	4,829
	30,587	18,315
Financing activities:		
Proceeds from non-revolving credit facility	13,150	—
Investing activities:		
Purchase of investments	(8,772)	(225)
Proceeds on maturity of investments	558	2,527
	(8,214)	2,302
Capital activities:		
Purchase of tangible capital assets	(25,526)	(18,146)
Proceeds on disposal of tangible capital assets	346	6
	(25,180)	(18,140)
Increase in cash and cash equivalents	10,343	2,477
Cash and cash equivalents, beginning of year	35,070	32,593
Cash and cash equivalents, end of year	\$ 45,413	\$ 35,070

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements

(In thousands of dollars)

Year ended December 31, 2021

Toronto and Region Conservation Authority ("TRCA") furthers the conservation, restoration, development and management of natural resources in its nine watersheds plus their collective Lake Ontario waterfront shorelines. TRCA's jurisdiction includes the City of Toronto and areas in the Regional Municipalities of Durham, Peel and York (including lower tier municipalities), the Township of Adjala Tosorontio and Town of Mono. In accordance with the Conservation Authorities Act, under which TRCA is incorporated, TRCA has delivered programs and services that are provincially mandated, municipally requested, and those that advance its own objectives since 1957.

TRCA is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Significant accounting policies:

The financial statements for TRCA are the responsibility of and prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, that sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards, excluding Sections PS4200 and PS4270, with the following significant accounting policies:

(a) Basis of accounting:

The financial statements are prepared using an accrual basis of accounting which 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 or payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation(s) or condition(s) underlying the liability is partly or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

(b) Revenue recognition:

Government funding, which refers to all revenue received from municipal, provincial and federal sources, is recognized as revenue when payments are authorized and all eligibility criteria have been met, except when there is a stipulation that gives rise to a future obligation. In that case, the funding is recorded as deferred revenue and recognized as revenue as the stipulation is met.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

1. Significant accounting policies (continued):

Authority generated revenue, which refers to all revenue received from non-government sources, are recognized as revenue in the period in which the related services are performed. Amounts collected for services that have not yet been rendered are recorded as deferred revenue and recognized as revenue when the related services are performed. Donated tangible capital assets are recorded at fair market value, when fair market value can be reasonably estimated.

(c) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand, cashable guaranteed investment certificates, and all deposits in banks including interest bearing savings accounts.

(d) Investments:

Investments, which consist of non-cashable guaranteed investment certificates, equity securities, fixed income securities, bonds and a portfolio with the One Investment Program, are recorded at cost. Investment income, including interest and dividends, is recognized when earned. Any discount or premium arising on purchase is amortized over the period to maturity. If there is a permanent loss in value, an investment will be written down to recognize the loss. Any write-down would be included in the statement of operations and accumulated surplus.

(e) Other assets:

Other assets include inventory for resale and prepaid expenses. Merchandise, food and beverage inventory for resale is valued at the lower of cost and net realizable value. Nursery inventory is valued at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts directly attributable to acquisition, design, construction development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. The cost, less the estimated residual value of the tangible capital assets, is amortized on a straight-line basis over the estimated useful lives as follows:

Assets	Years
Infrastructure	25 - 50
Buildings and building improvements	10 - 55
Land improvements	20 - 40
Machinery and equipment	5 - 20
Vehicles	6 - 25

Tangible capital assets are written down when conditions indicate they are no longer able to contribute to TRCA's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed tangible capital assets are recorded at fair market value on the date of contribution, except in circumstances where fair market value cannot be reasonably determined, and a nominal value is recorded.

TRCA's collection of historical treasures, including artifacts and buildings, and works of art are not recognized in the financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Vacation pay entitlements:

Vacation entitlements are accrued for as earned by employees. The liability for the accumulated unused vacation days represents management's best estimate as to TRCA's future liability.

(h) 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 exceed 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) TRCA 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 TRCA's statement of operations and accumulated surplus.

(i) Employee pension plan:

The cost of the multi-employer defined benefit pension plan is recognized as the required contributions for employees' services rendered in the year.

(j) Reserves:

TRCA may internally allocate its accumulated surplus to capital reserves to finance the cost of tangible capital assets, purchases, maintenance and related expenditures and operating reserves to ensure funds are available for financial relief in the event of a significant loss of revenues or other financial emergency for which no other source of funding is available. These reserve allocations are approved by TRCA's Board of Directors.

(k) Derivative financial instruments:

Derivative financial instruments are initially recorded and subsequently measured at fair value.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the year. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

2. Cash and cash equivalents - CTC Source Protection Region:

Established under the Clean Water Act of Ontario, the CTC Source Protection Region includes the jurisdictions covered by TRCA, Credit Valley and Central Lake Ontario. Prior to March 31, 2021, TRCA performed the management function for this program, receiving funds directly from the province, administering expenses and maintaining a separate bank account for the funding. As of April 1, 2021, Credit Valley Conservation has undertaken these functions. In the current year, the Ministry of Environment, Conservation and Parks provided funding of \$102 (2020 - \$308) to TRCA for the program and total funding of nil (2020 - \$67) is held in a separate bank account as of December 31, which is included on the statement of financial position as cash and deferred revenue.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

3. Investments:

	2021	2020
The One Investment Program:		
Bond Portfolio	\$ 3,950	\$ 3,884
Universe Corporate Bond Portfolio	2,853	2,799
Equity Portfolio	568	518
Fixed income:		
Interest rates: 0.75% - 4.30% (2020 - nil)		
Years of maturity: 2023 - 2081 (2020 - nil)	6,186	—
Equities	1,743	—
Mutual funds:		
Years of maturity: n/a - 2028	700	—
Guaranteed investment certificates:		
Interest rates: nil (2020 - 2.26%)		
Years of maturity: nil (2020 - 2021)	—	557
	\$ 16,000	\$ 7,758

The fair market value of the investments at December 31, 2021 is \$16,055 (2020 - \$7,926).

4. Receivables:

	2021	2020
Government funding:		
Municipal (note 6(a))	\$ 32,601	\$ 26,684
Federal	5,476	4,071
Provincial	3,318	3,108
Authority generated:		
Trade	12,190	9,971
Toronto and Region Conservation Foundation (note 14)	1,227	3,036
	\$ 54,812	\$ 46,870

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

5. Deferred revenue:

	2021	2020
Government funding (a)	\$ 32,730	\$ 31,659
Authority generated (b)	11,835	13,655
	\$ 44,565	\$ 45,314

(a) Government funding:

	2021			2020	
	Balance, beginning of year	Funding received	Funding recognized	Balance, end of year	Balance, end of year
Municipal (note 6(a)):					
Capital levies	\$ 24,838	\$ 42,562	\$ (42,044)	\$ 25,356	\$ 24,838
Contract services	2,631	48,545	(47,108)	4,068	2,631
Grants	1,220	1,063	(1,475)	808	1,220
Provincial	1,636	4,208	(4,705)	1,139	1,636
Federal	229	4,553	(4,528)	254	229
Revenue sharing policy (i)	1,105	—	—	1,105	1,105
	\$ 31,659	\$ 100,931	\$ (99,860)	\$ 32,730	\$ 31,659

- (i) The proceeds on the sale of properties is attributed to the Province of Ontario (the "Province") and the member municipalities on the basis of their original contribution when the properties were acquired. The Ministry of Natural Resources and Forestry reserves the right to direct the purpose to which the Province's share of funds may be applied or to request a refund. The balance must always be maintained in proportion to the original contribution by the Province and TRCA, represented by the member municipalities. TRCA is permitted to withdraw the municipal share of the funds provided that the Province's corresponding share is either matched by other sources of funding or returned to the Province.

On May 8, 2018, the Ministry of Natural Resources and Forestry approved \$3,538 in funds to be treated as disposition proceeds from land sales associated with the Province's grants toward TRCA's administrative building construction project. In the current year nil (2020 - \$1,815) of these funds were recognized as revenue.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

5. Deferred revenue (continued):

(b) Authority generated:

				2021	2020
	Balance, beginning of year	Funding received	Funding recognized	Balance, end of year	Balance, end of year
Cash in lieu and compensation	\$ 9,596	\$ 2,185	\$ (3,593)	\$ 8,188	\$ 9,596
Master environmental servicing	1,676	4,689	(4,719)	1,646	1,676
Contract services	1,100	1,765	(1,441)	1,424	1,100
Other	646	20,987	(21,173)	460	646
Event deposits	635	92	(612)	115	635
Property easements	2	596	(596)	2	2
	\$ 13,655	\$ 30,314	\$ (32,134)	\$ 11,835	\$ 13,655

6. Credit facility agreement and derivative financial instrument:

(a) On February 22, 2019, the Board of Directors authorized TRCA to enter into a \$54,000 unsecured, non-revolving construction and term loan agreement to support the construction of TRCA's new administrative office building at 5 Shoreham Drive. The agreement was entered into on February 26, 2019 with a Canadian commercial bank and bears interest at the applicable Canada Bankers' Acceptances plus 0.74%, fixed rate by way of interest rate swap or prime rates, depending on the form of borrowing. All amounts drawn under the agreement will be available with a commitment period of up to 10 years from the date of initial drawdown. The construction loan will convert to the term loan on the earlier of substantial completion of the project and December 1, 2022. The principal amount of the term loan is to be repaid in full over a maximum of 30 years from the conversion date. Under the terms of the loan agreement, TRCA is required to comply with certain financial and non-financial covenants.

As at December 31, 2021, \$13,150 (2020 - nil) has been drawn under the non-revolving construction loan.

The municipal partners of TRCA, including the City of Toronto and the Regions of Durham, Peel and York have committed up to \$60,000 of funding for the project over the next 28 years, as approved by their individual Councils. Included in municipal government funding receivables is \$15,059 (2020 - \$2,354) receivable from the municipalities for costs incurred to construct the new administrative office building.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

6. Credit facility agreement and derivative financial instrument (continued):

- (b) In connection with the loan agreement, in 2021 TRCA entered into an interest rate swap to forward fix the interest payable at 4.111% on \$50,000 of the available \$54,000 facility. This interest rate swap replaced the 2019 interest rate swap at 3.658% on \$50,000 of the available \$54,000 facility.

At December 31, 2021, TRCA has an interest rate exchange agreement in the amount of \$50,000 (2020 - \$50,000) outstanding and maturing on June 1, 2048 (2020 - January 1, 2047). The fair value of this contract is recorded as a \$6,403 (2020 - \$7,074) derivative financial instrument liability. The change in fair value of this contract is an unrealized gain of \$1,301 (2020 - unrealized loss \$4,604) which has been recorded as a reduction (2020 - increase) to the liability on the statement of financial position and unrealized gain (2020 - loss) on derivative financial instrument on the statement of operations and accumulated surplus. Subsequent to year end on May 31, 2022, the fair value of this contract is a \$400 derivative financial asset.

- (c) TRCA has the following amounts outstanding under letter of credit facilities with a Canadian commercial bank as required by Fisheries and Oceans Canada and the City of Toronto to undertake certain work:

Project	Amount available	Interest rate	Expiry date	Amount drawn	
				2021	2020
German Mills Settlers Park Sanitary Infrastructure Protection Project	\$ 348	0.85%	December 7, 2022	\$ 348	\$ –
Ashbridge's Bay Treatment Plant	2,523	1.05%	June 12, 2022	2,450	2,450
New Administrative Office	1,402	0.85%	March 3, 2022	1,402	1,402
Ashbridge's Bay Major Maintenance	1,300	0.85%	October 8, 2022	1,270	1,270
Fishleigh Drive	300	0.85%	March 7, 2022	273	273
Patterson Creek	77	0.85%	June 12, 2022	77	77
	\$ 5,950			\$ 5,820	\$ 5,472

- (d) As at December 31, 2021, TRCA has a revolving demand facility with an overall limit of \$1,000 (2020 - \$1,000). The facility bears interest at the applicable bank prime rate minus 0.25% per annum or rates quoted by the bank at the time of issuance, depending on the form of the borrowing. TRCA had drawn nil (2020 - nil) under the facility as at December 31, 2021.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

7. Tangible capital assets:

2021 - Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 312,746	\$ 1,126	\$ 57	\$ (221)	\$ 313,708
Infrastructure	189,795	955	4,328	—	195,078
Buildings and building improvements	50,493	625	—	(250)	50,868
Land improvements	17,533	1,725	—	—	19,258
Machinery and equipment	8,505	508	—	(14)	8,999
Vehicles	6,447	479	—	(522)	6,404
Assets under construction	24,032	20,516	(4,385)	(18)	40,145
	\$ 609,551	\$ 25,934	\$ —	\$ (1,025)	\$ 634,460

2021 - Accumulated amortization	Opening	Amortization - net	Disposals	Closing
Infrastructure	\$ 124,712	\$ 4,790	\$ —	\$ 129,502
Buildings and building improvements	24,376	1,611	(80)	25,907
Land improvements	8,001	604	—	8,605
Machinery and equipment	4,698	656	(11)	5,343
Vehicles	3,752	474	(522)	3,704
	\$ 165,539	\$ 8,135	\$ (613)	\$ 173,061

Net book value	2021	2020
Land	\$ 313,708	\$ 312,746
Infrastructure	65,576	65,083
Buildings and building improvements	24,961	26,117
Land improvements	10,653	9,532
Machinery and equipment	3,656	3,807
Vehicles	2,700	2,695
Assets under construction	40,145	24,032
	\$ 461,399	\$ 444,012

TRCA received from corporations and individual private owners \$408 (2020 - \$3,190) of contributed land and buildings within the Greenspace Securement and Management service area included, as part of authority generated revenue. Included in assets under construction is \$9 (nil - 2020) of capitalized interest relating to the non-revolving construction loan for the new administrative office building.

In 2020, TRCA transferred certain lands with a carrying value of \$8,472 to Parks Canada for nominal consideration. The land transfers are reflected as a net loss on disposal of tangible capital assets in the statement of operations and accumulated surplus.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

8. Accumulated surplus:

	2021	2020
Tangible capital assets	\$ 461,399	\$ 444,012
Unrestricted reserves	30,190	20,762
Unfunded vacation pay entitlements	(63)	(515)
Unrealized loss on derivative financial instrument	(6,403)	(7,704)
	\$ 485,123	\$ 456,555

9. Revenue - government funding:

	2021 Budget	2021 Actual	2020 Actual
Municipal:			
Capital levies	\$ 66,054	\$ 53,143	\$ 44,730
Contract services	52,971	47,108	58,821
Operating levies	16,292	16,292	15,448
Other	1,042	1,475	1,266
Provincial	4,624	4,705	7,024
Federal	13,033	4,528	5,039
	\$ 154,016	\$ 127,251	\$ 132,328

Municipal capital levies include \$15,456 (2020 - \$3,648) of funding recognized and receivable as at December 31, 2021.

10. Revenue - authority generated:

	2021 Budget	2021 Actual	2020 Actual
Watershed Studies and Strategies	\$ —	\$ 5	\$ 32
Water Risk Management	853	629	1,244
Regional Biodiversity	6,256	4,004	3,476
Greenspace Securement and Management	3,879	4,742	6,383
Tourism and Recreation	11,907	9,989	6,827
Planning and Development Review	8,661	9,503	7,982
Education and Outreach	2,279	1,904	1,231
Sustainable Communities	1,832	618	906
Corporate Services	697	932	1,212
	\$ 36,364	\$ 32,326	\$ 29,293

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

11. Expenses by object:

	2021 Budget	2021 Actual	2020 Actual
Compensation (note 13)	\$ 71,275	\$ 63,412	\$ 60,089
Contract services	78,662	43,996	55,341
Materials and supplies	24,277	15,773	17,444
Utilities and property taxes	1,924	1,528	1,501
Amortization of tangible capital assets	8,736	8,135	8,018
	\$ 184,874	\$ 132,844	\$ 142,393

12. Public sector salary disclosure:

TRCA is subject to The Public Sector Salary Disclosure Act, 1996, due to funding received from the Province during the current year being in excess of \$1,000. Salaries and taxable benefits for the 83 employees (2020 - 81 employees) that have been paid by TRCA and reported to the Province in compliance with this legislation can be obtained from the Ministry of Finance or upon request from TRCA.

13. Employee pension plan:

TRCA makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan, on behalf of its qualifying full-time and part-time employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service, pension formula and best 60 months of earnings. Employees and employers contribute equally to the plan.

As OMERS is a multi-employer defined benefit pension plan, any pension plan surpluses or deficits are a joint responsibility of all eligible organizations and their employees. As a result, TRCA does not recognize any share of the OMERS pension funding deficit of \$3,131,000 (2020 - \$3,211,000), as TRCA's portion of the amount is not determinable. TRCA's current service contributions to the OMERS pension plan in the amount of \$4,526 (2020 - \$4,550) are included as compensation expense in the current year.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

14. Toronto and Region Conservation Foundation:

Toronto and Region Conservation Foundation (the "Foundation"), is an independent, non-controlled registered charitable organization which has its own Board of Directors. As such, TRCA's financial statements do not include the activities of the Foundation.

In the current year, the Foundation contributed \$1,145 (2020 - \$2,909) to TRCA programs, which is included as part of authority generated revenue. As at December 31, 2021, the Foundation has an externally restricted fund balance of \$6,179 (2020 - \$5,441), which is to be used primarily for undertaking TRCA projects, and an operating fund surplus of \$438 (2020 - \$331). The receivable balance from the Foundation is non-interest bearing, unsecured and has no specified repayment terms.

15. Contingent liabilities and commitments:

(a) Legal actions and claims:

TRCA has received statements of claim as defendant under various legal actions resulting from its involvement in land purchases, fatalities, personal injuries and flooding on or adjacent to its properties. TRCA maintains insurance coverage against such risks and has notified its insurers of the legal actions and claims. It is not possible at this time to determine the outcome of these claims and, therefore, no provision has been made in these financial statements.

(b) Land expropriations:

TRCA has completed the acquisition of lands required to undertake various projects which includes acquiring lands under the Expropriations Act. A number of properties required for the Revised Project for the Etobicoke Motel Strip were obtained through expropriation from five owners. Funding was from the City of Etobicoke and the Municipality of Metropolitan Toronto (now collectively known as the City of Toronto) and the Province of Ontario. To date four of the expropriations have been settled in the amount of \$23,765 and the compensation has been paid during the 2008 to 2012 fiscal periods.

(c) Lease commitments:

TRCA is committed under various operating leases for office spaces over the next four years, with minimum lease payments totaling \$1,169 (2020 - \$1,445).

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

15. Contingent liabilities and commitments (continued):

(d) Loan guarantee:

TRCA and the City of Toronto have jointly and severally provided a loan guarantee in the amount of \$4,600 (2020 - \$4,600) to Evergreen for its financial institutional lender for the Don Valley Brick Works restoration project. As of December 31, 2021, Evergreen's outstanding loan balance is \$688 (2020 - \$1,376), and is repayable in monthly installments, with the final payment due on April 15, 2023.

16. Budget figures:

TRCA's 2021 budget was approved by its Board of Directors on April 30, 2021.

17. Contractual rights:

As at December 31, 2021, TRCA estimates that contractual rights in the amount of \$142,466 (2020 - \$24,422) will be earned in future years.

18. Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

In 2020, the federal government launched the Canada Emergency Wage Subsidy program in response to the pandemic. TRCA applied for \$18 (2020 - \$1,497) and received nil (2020 - \$473). Due to ongoing uncertainties with respect to TRCA's eligibility, TRCA has not recognized any revenue associated with this program and the funds received to date in the amount of \$473 are included in payables and accrued liabilities.

During the year, TRCA's administrative buildings remained closed and public lands (conservation parks, conversation areas and trails) were modified in accordance with the guidance from public health organizations. TRCA has also mandated work-from-home supported by technology and infrastructure to access servers from remote locations, for those who were able to do so. Management continues to closely monitor and manage the impact of COVID-19 to the operations of TRCA.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2021

19. Segmented disclosures:

										2021	2020
	Watershed Studies and Strategies	Water Risk Management	Regional Biodiversity	Greenspace Securement and Management	Tourism and Recreation	Planning and Development	Education and Outreach	Sustainable Communities	Corporate Services	Total	Total
Revenue:											
Government funding	\$ 1,795	\$ 56,863	\$ 14,477	\$ 2,255	\$ 10,691	\$ 4,512	\$ 3,967	\$ 5,238	\$ 27,453	\$ 127,251	\$ 132,328
Authority generated	5	629	4,004	4,742	9,989	9,503	1,904	618	932	32,326	29,293
Investment income	—	—	—	—	—	—	2	—	580	582	566
	1,800	57,492	18,481	6,997	20,680	14,015	5,873	5,856	28,965	160,159	162,187
Expenses:											
Compensation	1,586	10,536	9,645	1,274	6,893	11,215	4,940	4,794	12,529	63,412	60,089
Contract services	110	26,630	3,746	531	4,652	398	670	337	6,922	43,996	55,341
Materials and supplies	25	10,787	2,469	382	140	221	460	187	1,102	15,773	17,444
Utilities and property taxes	—	25	8	714	548	—	143	1	89	1,528	1,501
Amortization of tangible capital assets	1	2,254	110	309	3,371	2	219	440	1,429	8,135	8,018
Internal charges (recoveries)	80	4,904	2,728	626	2,008	350	160	632	(11,488)	—	—
	1,802	55,136	18,706	3,836	17,612	12,186	6,592	6,391	10,583	132,844	142,393
Net surplus (deficit) before the undernoted	(2)	2,356	(225)	3,161	3,068	1,829	(719)	(535)	18,382	27,315	19,794
Unrealized gain (loss) on derivative financial instrument	—	—	—	—	—	—	—	—	1,301	1,301	(4,604)
Net gain (loss) on disposal of tangible capital assets	—	—	—	(130)	—	—	—	—	82	(48)	(8,472)
Net surplus (deficit)	\$ (2)	\$ 2,356	\$ (225)	\$ 3,031	\$ 3,068	\$ 1,829	\$ (719)	\$ (535)	\$ 19,765	\$ 28,568	\$ 6,718