

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Friday, June 13, 2025 Meeting

FROM: Linda Charlebois, Director, Corporate Services

RE: **2024 AUDITED FINANCIAL STATEMENTS**
Approval of the Audited Financial Statements

KEY ISSUE

Request for approval of the 2024 Toronto and Region Conservation Authority (TRCA) audited financial statements.

RECOMMENDATION

IT IS RECOMMENDED THAT the transfer of funds from surplus to unrestricted reserves in the amount of \$186k as outlined in the Financial Details below and reflected in Note 9, “Accumulated Surplus” to the financial statements (Attachment 1), be approved;

AND FURTHER THAT the 2024 TRCA Audited Financial Statements, as presented in Attachment 1 be approved;

AND THAT the 2024 TRCA Audited Financial Statements be signed by the Chair and Secretary-Treasurer;

AND THAT the 2024 TRCA Audited Financial Statements be distributed to each member municipality and the Minister of Environment, Conservation and Parks in accordance with subsection 38(3) of the Conservation Authorities Act.

BACKGROUND

The accounting firm KPMG LLP has completed its audit and has included within the financial statements an unqualified, independent auditor’s report. The audited financial statements are presented as Attachment 1 to the report. Representatives from KPMG LLP will be in attendance to present Attachment 2, the KPMG 2024 Audit Findings Report.

RATIONALE

FINANCIAL DETAILS

Financial Statement Summary - Statement of Financial Position

Cash and Cash Equivalents: Cash and cash equivalents totaled \$63.2M, relatively unchanged from 2023, with a minor decrease of \$0.4M. These balances reflect strong liquidity maintained throughout the year despite increased capital activity.

Investments: Investment holdings increased to \$16.8M from \$15.5M. The portfolio includes government bonds, corporate bonds, equity instruments, and mutual funds. These are measured at fair value or amortized cost in accordance with Public Sector Accounting Standards. A net unrealized remeasurement loss of \$0.3M was recognized due to market fluctuations at year-end, as noted in the Statement of Remeasurement Gains and Losses.

Receivables: Accounts receivable rose significantly to \$118.3M, an increase of \$28.1M over 2023. The majority of this increase is related to large-scale capital project invoicing to municipal partners and end-of-year holdbacks. Aging remained consistent with prior years, and balances are expected to be collected under existing funding agreements.

Tangible Capital Assets (TCA): Tangible capital assets increased by \$46.3M, bringing the total net book value to \$580.1M (2023 – \$542.2M). The growth reflects investments in TRCA's new administrative building and other infrastructure projects. Several capital initiatives remain under construction at year-end, as TRCA continues its multi-year strategy to expand environmental and operational capacity. Amortization expense for the year totaled \$8.4M. These additions align with TRCA's long-term capital strategy and reflect continued infrastructure renewal and service delivery expansion.

Liabilities: Total liabilities rose to \$162.4M in 2024, an increase of \$29.5M from the prior year. This growth was primarily driven by a \$13.5M draw on TRCA's term credit facility, supporting capital investments including the new administrative building. Deferred revenue increased by \$12.3M, reflecting timing differences between funding received and related project expenditures. TRCA also recognized a \$0.17M derivative financial liability, representing the year-end fair value of an interest rate swap used to

manage borrowing costs. Accounts payable and accrued liabilities remained consistent year-over-year, with no significant shifts in vendor balances or obligations.

Financial Statement Summary - Statement of Operations and Accumulated Surplus

Revenue: Total revenue for 2024 was \$192.3M, representing an increase of \$15.1M over the prior year. This growth reflects increased government contributions and higher authority-generated revenue. Government funding rose by \$4.1M, largely due to expanded capital project funding and program support. Authority-generated revenue increased by \$10.4M, reflecting stronger performance across planning and permitting services, lease and rental activity, and fee-for-service agreements. Investment income also increased by \$0.6M to \$4.0M, driven by higher interest rates and improved returns across TRCA's diversified investment portfolio.

Expenses: Total expenses for 2024 were \$154.8M, an increase of \$30.6M over the prior year. The largest increases were in Water Risk Management and Regional Biodiversity, driven by infrastructure upgrades, flood mitigation, and restoration projects. Education and Outreach, Planning and Development Review, and Corporate Services also saw higher costs due to expanded programming and staffing. There were modest increases in Greenspace Securement and Management, and Watershed Studies and Strategies, reflecting increased field activities and technical support. These cost increases reflect TRCA's continued growth in project delivery and alignment with strategic priorities.

Surplus: The accumulated surplus increased to \$620.1M at the end of 2024, up from \$582.6M in the prior year. This reflects a net annual surplus of \$37.5M, primarily attributable to the acquisition of tangible capital assets, which increased from \$542.2M to \$580.1M as outlined in Note 9. The unrestricted portion of the surplus increased by \$186K to \$38.9M, representing the amount proposed for transfer to unrestricted reserves.

Statement of Cash Flows: TRCA ended 2024 with cash and cash equivalents of \$63.2 million, reflecting a slight net decrease of \$0.4 million from the prior year. Operating activities generated \$32.2 million in net cash, largely from project funding and municipal contributions. Capital activities used \$44.8 million, driven by investment in new assets and infrastructure

Item 8.1

projects. Financing activities contributed \$13.5 million in net inflow, primarily from the term facility draw to support capital expenditures. Overall, TRCA maintained a stable cash position while continuing to invest in priority capital initiatives.

Relationship to TRCA's 2023-2034 Strategic Plan

This report supports the following Pillar and Outcomes set forth in TRCA's 2023-2034 Strategic Plan:

Pillar 4 Service Excellence:

4.4 Transparent decision making and accountable results

DETAILS OF WORK TO BE DONE

- Submit the signed audited financial statements to the Minister and member municipalities in accordance with the Conservation Authorities Act.
- Complete required regulatory filings, including the T3010 Registered Charity Information Return.
- Coordinate internal distribution and records management of the approved financial package.

Report prepared by: Linda Charlebois, Director Corporate Services

Email: Linda.charlebois@trca.ca

For Information contact: Linda Charlebois, (437) 880-2260

Date: June 5, 2025

Attachments: 3

Attachment 1: TRCA 2024 Draft Audited Financial Statements

Attachment 2: KPMG 2024 Audit Findings Report

Attachment 3: 2024 Draft Management Representation Letter