DRAFT
June 3, 2025

Financial Statements of

TORONTO AND REGION CONSERVATION AUTHORITY

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S 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, 2024
- 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 remeasurement gains and losses 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, 2024, and its results of operations, its remeasurement gains and losses, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Financial Position
(In thousands of dollars)

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Financial assets:		
Cash and cash equivalents	$ 63,223	$ 63,623
Investments (note 3)	16,842	15,482
Receivables (notes 4 and 15)	118,323	90,246
Derivative financial instrument (note 6)	-	249
	198,388	169,600
Liabilities		
Financial liabilities:		
Payables and accrued liabilities	31,479	28,166
Deferred revenue (note 5)	76,730	64,474
Non-revolving credit facility (note 6)	49,482	36,000
Vacation pay entitlements	3,314	3,079
Asset retirement obligations (note 7)	1,233	1,236
Derivative financial instrument (note 6)	168	-
	162,406	132,955
Net financial assets	35,982	36,645
Non-financial assets:		
Tangible capital assets (note 8)	580,093	542,244
Other assets	1,884	1,897
	581,977	544,141
Contingent liabilities and commitments (note 16)		
Contractual rights (note 18)		
Accumulated surplus (note 9)	620,070	582,575
Accumulated remeasurement loss	(2,111)	(1,789)
	$ 617,959	$ 580,786

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, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
	(note 17)		
Revenue (note 20):			
Government funding (note 10)	$ 173,757	$ 140,494	$ 136,440
Authority generated (notes 11 and 15)	58,284	47,801	37,397
Investment income	1,795	3,997	3,390
	233,836	192,292	177,227
Expenses (notes 12 and 20):			
Watershed Studies and Strategies	2,604	2,014	1,862
Water Risk Management	72,302	38,118	27,941
Regional Biodiversity	41,261	28,814	23,265
Greenspace Securement and Management	14,799	7,308	5,812
Tourism and Recreation	37,032	22,333	23,007
Planning and Development	16,307	15,514	13,216
Education and Outreach	14,846	14,112	10,074
Sustainable Communities	10,869	8,146	7,285
Corporate Services	35,511	18,428	11,737
	245,531	154,787	124,199
Net surplus (deficit) before the undernoted	(11,695)	37,505	53,028
Net (loss) gain on disposal of tangible capital assets (note 8)	-	(10)	136
Net surplus (deficit)	(11,695)	37,495	53,164
Accumulated surplus, beginning of year	545,769	582,575	529,411
Accumulated surplus, end of year	$ 534,074	$ 620,070	$ 582,575

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, 2024, with comparative information for 2023

	2024 Budget (note 17)	2024 Actual	2023 Actual
Net surplus (deficit)	$ (11,695)	$ 37,495	$ 53,164
Purchase of tangible capital assets	-	(44,782)	(61,578)
Contributed tangible capital assets (note 8)	-	(1,524)	(277)
Net loss (gain) on disposal of tangible capital assets (note 8)	-	10	(136)
Write-off of tangible capital assets	-	-	2,625
Proceeds on disposal of tangible capital assets	-	6	149
Amortization of tangible capital assets	-	8,438	7,951
Change in other assets	-	13	115
Increase (decrease) in net financial assets	(11,695)	(344)	2,013
Net financial assets, beginning of year	54,109	36,645	36,421
Net remeasurement loss for the year	-	(322)	(1,789)
Net financial assets, end of year	$ 42,414	$ 35,979	$ 36,645

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Remeasurement Gains and Losses
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Accumulated remeasurement losses, beginning of year	$ (1,789)	$ –
Accumulated remeasurement gains (losses) attributed to:		
Portfolio investments	95	132
Financial derivatives	(417)	(1,921)
Accumulated remeasurement losses, end of year	$ (2,111)	$ (1,789)

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Net surplus	$ 37,495	$ 53,164
Items not involving cash:		
Amortization of tangible capital assets	8,438	7,951
Asset retirement obligation retirement	(3)	-
Accrued interest income on investments	78	(60)
Net loss (gain) on disposal of tangible capital assets	10	(136)
Write-off of tangible capital assets	-	2,625
Contributed tangible capital assets	(1,524)	(277)
Change in non-cash operating working capital:		
Receivables	(28,077)	(8,055)
Other assets	13	115
Payables and accrued liabilities	3,313	30
Vacation pay entitlements	235	460
Deferred revenue	12,256	6,850
	32,234	62,667
Financing activities:		
Proceeds from non-revolving credit facility	14,000	22,453
Repayments from non-revolving credit facility	(518)	-
	13,482	22,453
Investing activities:		
Purchase of investments	(3,387)	(2,147)
Proceeds on maturity of investments	2,047	2,528
	(1,340)	381
Capital activities:		
Purchase of tangible capital assets	(44,782)	(61,578)
Proceeds on disposal of tangible capital assets	6	149
	(44,776)	(61,429)
Increase (decrease) in cash and cash equivalents	(400)	24,072
Cash and cash equivalents, beginning of year	63,623	39,551
Cash and cash equivalents, end of year	$ 63,223	$ 63,623

See accompanying notes to financial statements.

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, 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.

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 consist of non-cashable guaranteed investment certificates, equity securities, fixed income securities, bonds and a portfolio with the One Investment Program.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

The change in the fair value is recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the statement of operations and accumulated surplus.

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. In the case of an investment in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the statement of remeasurement gains and losses. The loss is not reversed if there is a subsequent increase in value.

1. Significant accounting policies (continued):

(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.

(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.

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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) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) the past transaction or event giving rise to the liability has occurred;

(iii) it is expected that future economic benefits will be given up; and

(iv) a reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the TRCA has been initially recognized using the modified retroactive method. The liability has been measured at current cost as the timing and amounts of future cash flows cannot be estimated. Assumptions used in the calculations are reviewed annually as outlined in (m).

(i) 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.

1. Significant accounting policies (continued):

(j) 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.

(k) 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.

(l) Derivative financial instruments:

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

(m) 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. Significant estimates and assumptions, which include asset retirement obligations 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.

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2. Changes in accounting policies:

(a) Public Accounting Standard PS 3400 Revenue:

On January 1, 2024, TRCA adopted Section PS 3400 - Revenue on a prospective basis effective January 1, 2024.

The new standard provides guidance on the accounting for revenue arising from transactions that include performance obligations (exchange transactions) and transactions with no performance obligations (non-exchange transactions). For TRCA, this standard applies to revenue arising from sources such as service agreements, planning and permit fees, technical and consulting services, development fees, user fees, lease and rental income, and other commercial activities, all of which involve identifiable performance obligations. Government grants, municipal levies, donations, and investment income are considered non-exchange transactions unless specific obligations are attached. As TRCA already accounts for revenue in accordance with the principles outlined in PS 3400, no changes were required upon adoption.

(b) Public Accounting Standard PS 3160 Public Private Partnerships:

On January 1, 2024, TRCA adopted Section PS 3160 – Public Private Partnerships (P3) on a prospective basis.

The new standard requires the recognition of a tangible capital asset and corresponding performance obligation liability for infrastructure acquired through public private partnerships with a user-pay model. Previously, TRCA was not required to recognize these assets or liabilities. The performance obligation liability is initially recognized as deferred revenue and revenue is recognized in future fiscal periods, when the performance obligations are satisfied.

The implementation of this standard did not result in significant changes or financial impacts to TRCA.

(c) PSG-8 Purchased Intangibles

On January 1, 2024, TRCA adopted PSG-8 – Purchased Intangibles (PSG-8) on a prospective basis effective January 1, 2024.

(In thousands of dollars)

2. Changes in accounting policies (continued):

The new guideline requires capitalization of purchased intangibles such as patents, trademarks, and easements, and results in the recognition of assets that were previously prohibited by PSAS.

The implementation of this standard did not result in significant changes or financial impacts to TRCA.

3. Investments:

	2024	2023
Investments:		
The One Investment Program:		
Canadian Government Bond Portfolio	$ 4,197	$ 4,100
Canadian Corporate Bond Portfolio	3,055	2,981
Canadian Equity Portfolio	789	639
Fixed income:		
Interest rates: 0.025% - 5.25% (2023 - 0.25% -5.25%)		
Years of maturity: 2025-2028 (2024 - 2028)	2,493	4,374
Mutual funds:	1,352	27
Equities	4,956	3,361
	$ 16,842	$ 15,482

Equity instruments have been presented in accordance with the investments accounting policy (note 1(d)). The fair market value of the investments at December 31, 2024 is $16,730 (2023 - $14,888).

4. Receivables:

	2024	2023
Government funding:		
Municipal (note 6(a))	$ 97,228	$ 67,611
Federal	1,153	8,141
Provincial	2,416	1,885
Authority generated:		
Trade	15,381	9,467
Toronto and Region Conservation Foundation (note 15)	2,145	3,142
	$ 118,323	$ 90,246

(In thousands of dollars)

5. Deferred revenue:

	2024	2023
Government funding (a)	$ 51,164	$ 43,536
Authority generated (b)	25,566	20,938
	$ 76,730	$ 64,474

(a) Government funding:

	Balance, beginning of year	Funding received	Funding recognized	2024 Balance, end of year	2023 Balance, end of year
Municipal (note 6(a)):					
Capital levies	$ 33,883	$ 50,215	$ (45,753)	$ 38,345	$ 33,883
Contract services	5,036	54,244	(52,064)	7,216	5,036
Grants	726	320	(411)	635	726
Provincial	1,069	4,753	(4,776)	1,046	1,069
Federal	1,256	7,768	(6,971)	2,053	1,256
Revenue sharing policy (i)	1,566	303	-	1,869	1,566
	$ 43,536	$ 117,603	$ (109,975)	$ 51,164	$ 43,536

(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. The funding received includes $80 (2023 - $79) in interest allocation.

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 thousands of dollars)

5. Deferred revenue (continued):

(b) Authority generated:

	Balance, beginning of year	Funding received	Funding recognized	2024 Balance, end of year	2023 Balance, end of year
Cash in lieu and compensation	$ 13,083	$ 2,888	$ (1,883)	$ 14,088	$ 13,083
Master environmental servicing	1,944	5,576	(5,502)	2,018	1,944
Contract services	4,138	11,122	(11,338)	3,922	4,138
Other	510	31,739	(28,297)	3,952	510
Event deposits	20	880	(668)	232	20
Property easements	1,243	224	(113)	1,354	1,243
	$ 20,938	$ 52,429	$ (47,801)	$ 25,566	$ 20,938

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 converted to a term loan on June 28, 2024. The principal amount of the term loan is to be repaid in full over a maximum of 30 years from the conversion date by quarterly blended payments of principal and interest. Under the terms of the loan agreement, TRCA is required to comply with certain financial and non-financial covenants. At year end, TRCA was in compliance with the covenants.

As at December 31, 2024, $49,482 (2023 - $36,000) 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 33 years, which started in 2017, as approved by their individual Councils. Included in municipal government funding receivables is $58,341 (2023 - $46,392) receivable from the municipalities for costs incurred to construct the new administrative office building.

(In thousands of dollars)

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, 2024, TRCA has an interest rate exchange agreement in the amount of $49,482 (2023 - $50,000) outstanding and maturing on June 28, 2049 (2023 - July 2, 2049). The fair value of this contract is recorded as a $168 (2023 - $249) derivative financial instrument liability. The change in fair value of this contract is an unrealized loss of $417 (2023 - unrealized loss $1,921) which has been recorded as a reduction (2023 - reduction) to the asset on the statement of financial position and unrealized loss (2023 - loss) on derivative financial instrument on the statement of remeasurement gains and losses. On May 1, 2025, the fair value of this contract is a $524 derivative financial loss.

On April 28, 2023, the Board approved a revised financing agreement to extend the window period from June 2, 2023 up to June 30, 2024, with an end date of 25 years from start date with an in-swap rate of 4.131%.

(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 2024	Amount drawn 2023
German Mills Settlers Park Sanitary Infrastructure Protection Project	$ 348	0.85%	December 7, 2025	$ 348	$ 348
Ashbridge's Bay Treatment Plant	2,523	1.05%	June 12, 2025	2,450	2,450
New Administrative Office	1,402	0.85%	March 3, 2026	1,402	1,402
Patterson Creek	77	0.85%	June 12, 2025	77	77
	$ 5,650			$ 5,547	$ 5,547

(In thousands of dollars)

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

(d) As at December 31, 2024, TRCA has a revolving demand facility with an overall limit of $1,000 (2023 - $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 (2023 - $nil) under the facility as at December 31, 2024.

7. Asset retirement obligations:

TRCA owns and operates several buildings that are known to have asbestos, which represent a health hazard upon demolition of the building and there is a legal obligation to remove it. Following adoption of PS 3280 - Asset Retirement Obligations, TRCA recognized an obligation relating to the removal and post-removal care of the asbestos, estimated as at January 1, 2022. For buildings which are past their estimated useful lives, the full estimate of the retirement obligation has been recorded in the year of adoption of the standard. For buildings with useful lives remaining, the estimated retirement obligation was recorded as an increase to capital assets and will be amortized over the remaining useful life of the building.

Changes to the asset retirement obligation in the year are as follows:

	2024	2023
Opening balance	$ 1,236	$ 1,236
Reduction in obligation related to asset retirement	(3)	
Closing balance	$ 1,233	$ 1,236

(In thousands of dollars)

8. Tangible capital assets:

2024 - Cost	Opening	Additions	Transfers	Disposals	Closing
Land	$ 314,515	$ 1,524	$ 10	$ (12)	$ 316,037
Infrastructure	206,489	1,759	13,536	-	221,784
Buildings and building improvements	53,143	886	-	(3)	54,026
Land improvements	21,212	-	-	-	21,212
Machinery and equipment	12,158	1,365	-	(6)	13,517
Vehicles	7,923	847	-	(32)	8,738
Assets under construction	115,403	39,925	(13,546)	-	141,782
	$ 730,843	$ 46,306	$ -	$ (53)	$ 777,096

2024 - Accumulated amortization	Opening	Amortization - net	Disposals	Closing
Infrastructure	$ 138,645	$ 4,827	$ -	$ 143,472
Buildings and building improvements	28,870	1,368	-	30,238
Land improvements	9,966	743	-	10,709
Machinery and equipment	6,772	966	(2)	7,736
Vehicles	4,346	534	(32)	4,848
	$ 188,599	$ 8,438	$ (34)	$ 197,003

	2024	2023
Land	$ 316,037	$ 314,515
Infrastructure	78,312	67,844
Buildings and building improvements	23,788	24,273
Land improvements	10,503	11,246
Machinery and equipment	5,781	5,386
Vehicles	3,890	3,577
Assets under construction	141,782	115,403
	$ 580,093	$ 542,244

(In thousands of dollars)

8. Tangible capital assets (continued):

TRCA received from corporations and individual private owners $1,524 (2023 - $277) 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 $899 (2023 - $1,585) of capitalized interest relating to the non-revolving construction loan for the new administrative office building. A review of tangible capital asset subledgers resulted in a write off of $nil (2023 - $2,625) of assets under construction related to longstanding projects which were no longer proceeding and project costs which were no longer deemed to be assets.

9. Accumulated surplus:

	2024	2023
Tangible capital assets	$ 580,093	$ 542,244
Unrestricted reserves	38,851	38,665
Unfunded vacation pay entitlements	(817)	(372)
Unrealized (loss) gain on derivative financial instrument	(168)	249
	617,959	580,786
Less accumulated remeasurement losses	2,111	1,789
	$ 620,070	$ 582,575

10. Revenue - government funding:

	2024 Budget	2024 Actual	2023 Actual
Municipal:			
Capital levies	$ 85,128	$ 57,702	$ 63,439
Contract services	50,570	52,064	37,554
Operating levies	18,569	18,569	17,953
Other	2,943	416	264
Provincial	4,166	4,776	4,376
Federal	12,381	6,967	12,854
	$ 173,757	$ 140,494	$ 136,440

Municipal capital levies include $11,949 (2023 - $11,914) of funding recognized and receivable as at December 31, 2024.

(In thousands of dollars)

11. Revenue - authority generated:

	2024 Budget	2024 Actual	2023 Actual
Watershed Studies and Strategies	$ 96	$ (28)	$ (17)
Water Risk Management	8,187	10,015	1,103
Regional Biodiversity	14,326	4,150	5,258
Greenspace Securement and Management	5,494	6,332	4,828
Tourism and Recreation	10,505	10,748	10,855
Planning and Development Review	11,492	10,038	9,337
Education and Outreach	6,070	4,506	4,190
Sustainable Communities	1,692	1,535	1,513
Corporate Services	422	505	330
	$ 58,284	$ 47,801	$ 37,397

12. Expenses by object:

	2024 Budget	2024 Actual	2023 Actual
Compensation (note 13)	$ 98,814	$ 81,613	$ 72,629
Contract services	119,946	52,587	33,254
Materials and supplies	24,662	10,321	8,749
Utilities and property taxes	2,109	1,828	1,616
Amortization of tangible capital assets	-	8,438	7,951
	$ 245,531	$ 154,787	$ 124,199

13. 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 159 employees (2023 - 130 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.

14. 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 $2,913,000 (2023 - $4,202,000), as TRCA's portion of the amount is not determinable. TRCA's current service contributions to the OMERS pension plan in the amount of $5,689 (2023 - $5,181) are included as compensation expense in the current year.

15. 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 $1,982 (2023 - $3,060) to TRCA programs, which is included as part of authority generated revenue. As at December 31, 2024, the Foundation has an externally restricted fund balance of $4,954 (2023 - $4,611), which is to be used primarily for undertaking TRCA projects, and an operating fund surplus of $1,291 (2023 - $931). The receivable balance from the Foundation is non-interest bearing, unsecured and has no specified repayment terms.

16. 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.

16. Contingent liabilities and commitments (continued):

(a) Legal actions and claims (continued):

Subsequent to year end, three construction liens have been filed against TRCA in relation to the construction of its new administrative building. TRCA is currently reviewing the claims with its legal counsel and given the early stages of the litigation and the ultimate outcome is indeterminable, no amount has been included in these financial statements.

(b) Lease commitments:

TRCA is committed under various operating leases for office spaces over the next four years, with minimum lease payments totaling $362 (2023 - $1,056).

17. Budget figures:

TRCA's 2024 budget was approved by its Board of Directors on April 19, 2024.

18. Contractual rights:

As at December 31, 2024, TRCA estimates that contractual rights in the amount of $150,227 (2023 - $184,227) will be earned in future years.

19. Financial instruments and risk management:

(a) Financial instruments classification:

The following table provides the carrying amount information of the TRCA's financial instruments by category. The maximum exposure to credit risk would be the carrying values, as shown below:

	Fair value	Amortized cost
Cash and cash equivalents	$ -	$ 63,223
Accounts receivable	-	118,323
Investments (i)	4,956	11,886
Derivative financial instrument (i)	(168)	-
Payable and accrued liabilities	-	(31,479)
Non-revolving credit facility	-	(49,482)

(i) Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 - fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;
- ·Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the TRCA's financial instruments are classified as Level 1, except for the TRCA's derivative financial instrument, which is classified as a Level 3 financial instrument.

19. Financial instruments and risk management (continued):

(b) Risk management:

The risks associated with TRCA's financial instruments and policies in managing the risks are as follow:

(i) Credit risk:

Credit risk is the risk of financial loss to the TRCA if a debtor fails to discharge their obligation. TRCA's primary source of this risk relates to its cash and cash equivalents, investments, and accounts receivable.

The TRCA's exposure to credit risk associated with cash and cash equivalents is assessed as low because the TRCA's cash and cash equivalents are held by Canadian Schedule 1 Chartered banks and accounts receivables are mainly with municipal partners.

The TRCA's investments are risk-managed under TRCA's investment policy. The investment policy puts limits on the permitted investments, including portfolio composition, issuer type and credit quality.

(ii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Diversification techniques are utilized to minimize risk.

(iii) Interest rate risk

Interest rate risk arises from changes in market interest rates which cause potential financial loss in the fair value of financial instruments. The TRCA is exposed to this risk in its interest-bearing investments, and non-revolving credit facility.

The TRCA mitigates its interest rate risk by way of an interest rate swap. Interest rate risk on its investments is mitigated by investing in securities with varying maturities - both short term (one year and less) and long term (greater than one year).

19. Financial instruments and risk management (continued):

(iv) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The TRCA is exposed to this risk in its investments.

(v) Liquidity risk:

Liquidity risk is the risk associated with the TRCA's inability to meet its financial obligations as they come due. The TRCA mitigates the risk by monitoring cash flows from operations, the expected outflows and financing activities to ensure it has sufficient funds to meet the current and long-term financial liabilities when due.

The table below shows the financial liabilities and its contractual maturities:

	Due within 1 year	Due beyond 1 year	Total
Payables and accrued liabilities	$ 31,479	-	$ 31,479
Non-revolving credit facility	1,625	47,857	49,482
	$ 33,104	$47,857	$80,961

(In thousands of dollars)

20. Segmented disclosures:

	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	2024 Total	2023 Total
Revenue:											
Government funding	$2,021	$57,304	$ 24,605	$ 5,016	$ 6,977	$ 4,690	$ 7,495	$ 6,532	$ 25,854	$ 140,494	$ 136,440
Authority generated	(28)	10,015	4,150	6,332	10,748	10,038	4,506	1,535	505	47,801	37,397
Investment income	-	-	1	(80)	(26)	-	2	1	4,099	3,997	3,390
	1,993	67,319	28,756	11,268	17,699	14,728	12,003	8,068	30,458	192,292	177,227
Expenses:											
Compensation	1,884	8,653	12,646	2,879	10,423	13,662	8,952	6,215	16,299	81,613	72,629
Contract services	46	19,690	8,456	1,836	4,642	1,490	3,686	987	11,754	52,587	33,254
Materials and supplies	4	639	3,678	338	1,426	103	786	127	3,220	10,321	8,749
Utilities and property taxes	-	26	5	608	648	-	219	-	322	1,828	1,616
Amortization of tangible capital assets	5	2,723	133	262	3,451	53	251	90	1,470	8,438	7,951
Internal charges (recoveries)	75	6,387	3,896	1,385	1,743	206	218	727	(14,637)	-	–
	2,014	38,118	28,814	7,308	22,333	15,514	14,112	8,146	18,428	154,787	124,199
Net surplus (deficit) before the undernoted	(21)	29,201	(58)	3,960	(4,634)	(786)	(2,109)	(78)	12,030	37,505	53,028
Net gain (loss) on disposal of tangible capital assets	-	-	-	(11)	-	-	-	-	1	(10)	136
Net surplus (deficit)	$ (21)	$ 29,201	$ (58)	$ 3,949	$ (4,634)	$ (786)	$ (2,109)	$ (78)	$ 12,031	$ 37,495	$ 53,164