Financial Statements of

TORONTO AND REGION CONSERVATION AUTHORITY

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
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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, 2025
- 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, 2025, and its results of operations, its changes in net financial assets, its remeasurement gains and losses 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 audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 26, 2026

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Financial Position
(In thousands of dollars)

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Financial assets:		
Cash and cash equivalents	$ 62,024	$ 63,223
Investments (note 3)	17,582	16,842
Receivables (notes 4 and 15)	107,188	118,323
Derivative financial instrument (note 6)	1,002	–
	187,796	198,388
Liabilities		
Financial liabilities:		
Payables and accrued liabilities	18,031	31,479
Deferred revenue (note 5)	75,789	76,730
Non-revolving credit facility (note 6)	47,858	49,482
Vacation pay entitlements	3,511	3,314
Asset retirement obligations (note 7)	1,233	1,233
Derivative financial instrument (note 6)	–	168
	146,422	162,406
Net financial assets	41,374	35,982
Non-financial assets:		
Tangible capital assets (note 8)	595,419	580,093
Other assets	1,773	1,884
	597,192	581,977
Contingent liabilities and commitments (note 16)		
Contractual rights (note 18)		
Accumulated surplus (note 9)	639,522	620,070
Accumulated remeasurement loss	(956)	(2,111)
	$ 638,566	$ 617,959

See accompanying notes to financial statements.

On behalf of Toronto and Region Conservation Authority:

______________________________ Chair

______________________________ Secretary Treasurer

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
	(note 17)		
Revenue (note 20):			
Government funding (note 10)	$ 143,163	$ 134,961	$ 140,494
Authority generated (notes 11 and 15)	47,301	48,476	47,801
Investment income	2,310	2,975	3,997
	192,774	186,412	192,292
Expenses (notes 12 and 20):			
Watershed Studies and Strategies	2,677	2,542	2,014
Water Risk Management	51,232	45,613	38,118
Regional Biodiversity	34,525	31,257	28,814
Greenspace Securement and Management	13,538	9,565	7,308
Tourism and Recreation	29,131	21,411	22,333
Planning and Development	18,381	16,801	15,514
Education and Outreach	12,224	12,526	14,112
Sustainable Communities	9,716	8,685	8,146
Corporate Services	21,504	18,604	18,428
	192,928	167,004	154,787
Net surplus (deficit) before the undernoted	(154)	19,408	37,505
Net gain (loss) on disposal of tangible capital assets (note 8)	–	44	(10)
Net surplus (deficit)	(154)	19,452	37,495
Accumulated surplus, beginning of year	620,070	620,070	582,575
Accumulated surplus, end of year	$ 619,916	$ 639,522	$ 620,070

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 17)	2025 Actual	2024 Actual
Net surplus (deficit)	$ (154)	$ 19,452	$ 37,495
Purchase of tangible capital assets	–	(25,647)	(44,782)
Contributed tangible capital assets (note 8)	–	(524)	(1,524)
Net loss (gain) on disposal of tangible capital assets (note 8)	–	(44)	10
Proceeds on disposal of tangible capital assets	–	52	9
Amortization of tangible capital assets	–	10,837	8,438
Change in other assets	–	111	13
Increase (decrease) in net financial assets	(154)	4,237	(341)
Net financial assets, beginning of year	35,982	35,982	36,645
Net remeasurement gain (loss) for the year	–	1,155	(322)
Net financial assets, end of year	$ 35,828	$ 41,374	$ 35,982

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Accumulated remeasurement losses, beginning of year	$ (2,111)	$ (1,789)
Accumulated remeasurement gains (losses) attributed to:		
Portfolio investments	(15)	95
Financial derivatives	1,170	(417)
	1,155	(322)
Accumulated remeasurement losses, end of year	$ (956)	$ (2,111)

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Net surplus	$ 19,452	$ 37,495
Items not involving cash:		
Amortization of tangible capital assets	10,837	8,438
Asset retirement obligation	–	(3)
Accrued interest income on investments	(11)	78
Net loss (gain) on disposal of tangible capital assets	(44)	10
Contributed tangible capital assets	(524)	(1,524)
Changes in non-cash assets and liabilities:		
Receivables	11,135	(28,077)
Other assets	111	13
Payables and accrued liabilities	(13,448)	3,313
Vacation pay entitlements	197	235
Deferred revenue	(941)	12,256
	26,764	32,234
Financing activities:		
Proceeds from non-revolving credit facility	–	14,000
Repayments to non-revolving credit facility	(1,624)	(518)
	(1,624)	13,482
Investing activities:		
Purchase of investments	(4,464)	(3,387)
Proceeds on maturity of investments	3,720	2,044
	(744)	(1,343)
Capital activities:		
Purchase of tangible capital assets	(25,647)	(44,782)
Proceeds on disposal of tangible capital assets	52	9
	(25,595)	(44,773)
Decrease in cash and cash equivalents	(1,199)	(400)
Cash and cash equivalents, beginning of year	63,223	63,623
Cash and cash equivalents, end of year	$ 62,024	$ 63,223

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.

Planned amalgamation of conservation authorities:

In November 2025, the Province of Ontario (the "Province"), announced a broader initiative to consolidate conservation authorities across the Province. Under this plan, TRCA is expected to amalgamate with the Central Lake Ontario Conservation Authority to form a single regional conservation authority.

The statutory amalgamation is currently expected to occur in early 2027, at which time the newly established regional authority will assume governance and operational responsibility for the combined organizations.

As at December 31, 2025, no legal amalgamation has occurred, and management continues to operate under its existing governance structure. The financial statements do not reflect any adjustments related to the planned amalgamation. Management will continue to assess the implications of this transition as further details become available.

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 ("PSAS"), 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.

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.

1. Significant accounting policies (continued):

(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.

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.

(In thousands of dollars)

2. Future accounting pronouncements:

TRCA continues to assess the impact of the following upcoming changes to PSAS on its statements.

Standards applicable for fiscal years beginning on or after April 1, 2026 (effective TRCA's fiscal year beginning on January 1, 2027):

The Conceptual Framework for Financial Reporting in the Public Sector - The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. It will replace the conceptual aspects of PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.

PS 1202, Financial Statement Presentation - The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. PS 1202 will replace current Section PS 1201, Financial Statement Presentation.

The impact of these standards on the financial statements is not reasonably determinable at this time.

3. Investments:

	2025	2024
Investments:		
The One Investment Program:		
Canadian Government Bond Portfolio	$ 4,360	$ 4,197
Canadian Corporate Bond Portfolio	3,141	3,055
Canadian Equity Portfolio	935	789
Fixed income:		
Interest rates: 0.25% - 3.25% (2024 - 0.25% -5.25%)		
Years of maturity: 2026 - 2048 (2025 - 2028)	4,239	2,493
Mutual funds	–	1,352
Equities	4,907	4,956
	$ 17,582	$ 16,842

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, 2025 is $17,529 (2024 - $16,730).

(In thousands of dollars)

4. Receivables:

	2025	2024
Government funding:		
Municipal (note 6(a))	$ 89,858	$ 97,228
Federal	555	1,153
Provincial	2,772	2,416
Authority generated:		
Trade	11,641	15,381
Toronto and Region Conservation Foundation (note 15)	2,362	2,145
	$ 107,188	$ 118,323

5. Deferred revenue:

	2025	2024
Government funding (a)	$ 49,476	$ 51,164
Authority generated (b)	26,313	25,566
	$ 75,789	$ 76,730

(a) Government funding:

	Balance, beginning of year	Funding received	Funding recognized	2025 Balance, end of year	2024 Balance, end of year
Municipal (note 6(a)):					
Capital levies	$ 38,345	$ 45,660	$ (43,973)	$ 40,032	$ 38,345
Contract services	7,216	56,893	(58,151)	5,958	7,216
Grants	635	237	(246)	626	635
Provincial	1,046	3,249	(3,688)	607	1,046
Federal	2,053	8,394	(9,839)	608	2,053
Revenue sharing policy (i)	1,869	–	(224)	1,645	1,869
	$ 51,164	$ 114,433	$ (116,121)	$ 49,476	$ 51,164

(In thousands of dollars)

5. Deferred revenue (continued):

(i) The proceeds on the sale of properties are attributed to 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 nil (2024 - $80) 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.

(b) Authority generated:

	Balance, beginning of year	Funding received	Funding recognized	2025 Balance, end of year	2024 Balance, end of year
Cash in lieu and compensation	$ 14,088	$ 4,850	$ (3,844)	$ 15,094	$ 14,088
Master environmental servicing	2,018	5,637	(5,637)	2,018	2,018
Contract services	3,922	1,653	(1,571)	4,004	3,922
Other	3,952	35,893	(36,350)	3,495	3,952
Event deposits	232	435	(544)	123	232
Property easements	1,354	777	(552)	1,579	1,354
	$ 25,566	$ 49,245	$ (48,498)	$ 26,313	$ 25,566

6. **Credit facility agreement and derivative financial instrument:**

(a) On February 22, 2019, the Board of Directors authorized TRCA to entered 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, 2025, the term loan balance is $47,858 (2024 - $49,482).

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 $56,341 (2024 - $58,341) receivable from the municipalities for costs incurred to construct the new administrative office building.

(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, 2025, TRCA has an interest rate exchange agreement in the amount of $48,411 (2024 - $49,482) outstanding and maturing on June 28, 2049 (2024 - June 28, 2049). The fair value of this contract is recorded as a derivative financial instrument asset of $1,002 (2024 - derivative financial instrument liability of $168). The change in fair value of this contract is an unrealized gain of $1,170 (2024 - unrealized loss of $417) which has been recorded as an increase (2024 - reduction) to the asset on the statement of financial position and unrealized gain (2024 - unrealized loss) on derivative financial instrument on the statement of remeasurement gains and losses.

(In thousands of dollars)

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

On April 28, 2023, the Board of Directors 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 2025	Amount drawn 2024
German Mills Settlers Park Sanitary Infrastructure Protection Project	$ 348	1.35%	December 7, 2026	$ 348	$ 348
Ashbridge's Bay Treatment Plant	2,523	0.75%	June 12, 2026	2,450	2,450
New Administrative Office	1,402	1.00%	March 3, 2027	1,402	1,402
Patterson Creek	77	1.20%	June 12, 2026	77	77
Humber Bay Park West	1,450	0.75%	December 16, 2026	1,411	–
Colonel Samuel Smith Park	302	1.20%	January 12, 2026	302	–
	$ 6,102			$ 5,990	$ 4,277

(d) As at December 31, 2025, TRCA has a revolving demand facility with an overall limit of $1,000 (2024 - $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 (2024 - nil) under the facility as at December 31, 2025.

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.

(In thousands of dollars)

7. Asset retirement obligations (continued):

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

	2025	2024
Opening balance	$ 1,233	$ 1,236
Reduction in obligation related to asset retirement	–	(3)
Closing balance	$ 1,233	1,233

8. Tangible capital assets:

2025- Cost	Opening	Additions	Transfers	Disposals	Closing
Land	$ 316,037	$ 524	$ 4	$ (8)	$ 316,557
Infrastructure	221,784	11,615	36,716	–	270,115
Buildings and building improvements	54,026	714	73,035	–	127,775
Land improvements	21,212	928	2,580	–	24,720
Machinery and equipment	13,517	1,943	–	(17)	15,443
Vehicles	8,738	505	–	(197)	9,046
Assets under construction	141,782	9,942	(112,335)	–	39,389
	$ 777,096	$ 26,171	$ –	$ (222)	$ 803,045

2025 - Accumulated amortization	Opening	Amortization - net	Disposals	Closing
Infrastructure	$ 143,472	$ 6,012	$ –	$ 149,484
Buildings and building improvements	30,238	2,321	–	32,559
Land improvements	10,709	827	–	11,536
Machinery and equipment	7,736	1,138	(17)	8,857
Vehicles	4,848	539	(197)	5,190
	$ 197,003	$ 10,837	$ (214)	$ 207,626

(In thousands of dollars)

8. Tangible capital assets (continued):

Net book value	2025	2024
Land	$ 316,557	$ 316,037
Infrastructure	120,631	78,312
Buildings and building improvements	95,216	23,788
Land improvements	13,184	10,503
Machinery and equipment	6,586	5,781
Vehicles	3,856	3,890
Assets under construction	39,389	141,782
	$ 595,419	$ 580,093

TRCA received from corporations and individual private owners $524 (2024 - $1,524) 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 nil (2024 - $899) 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 (2024 - nil) 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:

	2025	2024
Tangible capital assets	$ 595,419	$ 580,093
Unrestricted reserves	43,552	38,851
Unfunded vacation pay entitlements	(1,407)	(817)
Unrealized gain (loss) on derivative financial instrument	1,002	(168)
	638,566	617,959
Less accumulated remeasurement losses	956	2,111
	$ 639,522	$ 620,070

(In thousands of dollars)

10. Revenue - government funding:

	2025 Budget	2025 Actual	2024 Actual
Municipal:			
Capital levies	$ 61,441	$ 43,973	$ 57,702
Contract services	49,320	58,151	52,064
Operating levies	19,064	19,064	18,569
Other	241	246	416
Provincial	3,820	3,688	4,776
Federal	9,277	9,839	6,967
	$ 143,163	$ 134,961	$ 140,494

Municipal capital levies include $2,000 (2024 - $11,949) of funding recognized and receivable as at December 31, 2025.

11. Revenue - authority generated:

	2025 Budget	2025 Actual	2024 Actual
Watershed Studies and Strategies	$ –	$ 116	$ (28)
Water Risk Management	154	581	10,015
Regional Biodiversity	10,276	5,638	4,150
Greenspace Securement and Management	4,793	13,769	6,332
Tourism and Recreation	10,530	10,587	10,748
Planning and Development	12,123	9,678	10,038
Education and Outreach	6,649	5,210	4,506
Sustainable Communities	2,231	1,919	1,535
Corporate Services	545	978	505
	$ 47,301	$ 48,476	$ 47,801

(In thousands of dollars)

12. Expenses by object:

	2025 Budget	2025 Actual	2024 Actual
Compensation (note 13)	$ 105,651	$ 88,855	$ 81,613
Contract services	66,931	56,198	52,587
Materials and supplies	18,259	8,967	10,321
Utilities and property taxes	2,087	2,160	1,828
Amortization of tangible capital assets	–	10,837	8,438
Internal charges (recoveries)	–	(13)	–
	$ 192,928	$ 167,004	$ 154,787

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 202 employees (2024 - 159 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 $1,322,000 (2024 - $2,913,000), as TRCA's portion of the amount is not determinable. TRCA's current service contributions to the OMERS pension plan in the amount of $6,237 (2024 - $5,689) 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 $2,229 (2024 - $1,982) to TRCA programs, which is included as part of authority generated revenue. As at December 31, 2025, the Foundation has an externally restricted fund balance of $4,890 (2024 - $4,954), which is to be used primarily for undertaking TRCA projects, and an operating fund surplus of $1,641 (2024 - $1,291). 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.

There is a construction lien against TRCA in relation to the construction of its new administrative building. The legal claim is currently under review with TRCA's legal counsel and as 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 $199 (2024 - $362).

17. Budget figures:

TRCA's 2025 budget was approved by its Board of Directors on April 25, 2025.

(In thousands of dollars)

18. Contractual rights:

As at December 31, 2025, TRCA estimates that contractual rights in the amount of $128,504 (2024 - $150,227) 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	$ –	$ 62,024
Receivables	–	107,188
Investments (i)	4,907	12,675
Derivative financial instrument (i)	1,002	–
Payables and accrued liabilities	–	(18,031)
Non-revolving credit facility	–	(47,858)

(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).

19. Financial instruments and risk management (continued):

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.

(b) Risk management:

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

(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 receivables.

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 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	$ 18,031	$ –	$ 18,031
Non-revolving credit facility	2,215	45,643	47,858
	$ 20,246	$ 45,643	$ 65,889

(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	2025 Total	2024 Total
Revenue:											
Government funding	$ 2,458	$ 58,215	$ 25,198	$ 7,498	$ 9,524	$ 4,924	$ 4,891	$ 6,517	$ 15,736	$ 134,961	$ 140,494
Authority generated	116	581	5,638	13,769	10,587	9,678	5,210	1,919	978	48,476	47,801
Investment income	–	–	–	–	–	–	–	–	2,975	2,975	3,997
	2,574	58,796	30,836	21,267	20,111	14,602	10,101	8,436	19,689	186,412	192,292
Expenses:											
Compensation	2,337	10,950	13,324	2,860	10,589	14,939	9,317	6,514	18,025	88,855	81,613
Contract services	62	24,322	10,282	3,925	3,834	1,487	1,803	1,130	9,353	56,198	52,587
Materials and supplies	12	969	3,185	162	1,153	123	764	120	2,479	8,967	10,321
Utilities and property taxes	–	27	8	876	699	–	255	–	295	2,160	1,828
Amortization of tangible capital assets	7	3,944	147	454	3,373	73	262	129	2,448	10,837	8,438
Internal charges (recoveries)	124	5,401	4,311	1,288	1,763	179	125	792	(13,996)	(13)	–
	2,542	45,613	31,257	9,565	21,411	16,801	12,526	8,685	18,604	167,004	154,787
Net surplus (deficit) before the undernoted	32	13,183	(421)	11,702	(1,300)	(2,199)	(2,425)	(249)	1,085	19,408	37,505
Net gain (loss) on disposal of tangible capital assets	–	–	–	(8)	–	–	–	–	52	44	(10)
Net surplus (deficit)	$ 32	$ 13,183	$ (421)	$ 11,694	$ (1,300)	$ (2,199)	$ (2,425)	$ (249)	$ 1,137	$ 19,452	$ 37,495