

The City of Toronto

2025 Trust Funds Financial Statements

December 31, 2025

DRAFT

Independent auditor's report

KPMG signed and dated opinion to be inserted following City Council approval

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Statement of financial position

As at December 31, 2025 with comparatives to 2024

	December 31, 2025	December 31, 2024	January 1, 2024
Assets			
Cash	\$ 6,939	\$ 6,638	\$ 6,113
Accounts receivable	143	218	246
Due from City of Toronto (Note 4)	12,226	12,190	13,925
Investments (Note 5)	8,526	8,505	8,535
Total assets	27,834	27,551	28,819
Liabilities			
Accounts payable	183	181	173
Deferred revenue (Note 6)	438	343	251
Total liabilities	621	524	424
Fund balances	27,213	27,027	28,395
Total liabilities and fund balances	\$ 27,834	\$ 27,551	\$ 28,819

The accompanying notes are an integral part of these financial statements.

Statement of operations and changes in fund balances

For the year ended December 31, 2025 with comparatives to 2024

	2025	2024
Revenues		
Investment income (Note 7)	\$ 642	\$ 1,072
Contributions and other income	2,975	2,843
Total revenues	3,617	3,915
Expenses	3,431	5,283
Annual surplus (deficit) (Note 3)	186	(1,368)
Fund balances – beginning of year (Note 2)	27,027	28,395
Fund balances – end of year	\$ 27,213	\$ 27,027

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

For the year ended December 31, 2025 with comparatives to 2024

	2025	2024
Cash flows provided by (used in):		
Operating activities		
Annual surplus (deficit)	\$ 186	\$ (1,368)
Change in non-cash operating items:		
Accounts receivable	75	28
Due from City of Toronto	(36)	1,735
Unrealized gain included in investments	(108)	(115)
Accounts payable	2	8
Deferred revenue	108	115
Cash provided by operating activities	227	403
Investing activities		
Purchase of investments	(6,359)	(6,308)
Proceeds from maturities of investments	6,250	6,374
Proceeds from sale of investments	183	56
Cash provided by investing activities	74	122
Net increase in cash during the year	301	525
Cash – beginning of year	6,638	6,113
Cash – end of year	\$ 6,939	\$ 6,638

The accompanying notes are an integral part of these financial statements.

Statement of continuity of fund balances

As at and for the year ended December 31, 2025

	Balance, beginning of year		Receipts		Investment income		Disbursements		Balance, end of year
Keele Valley Site Post-Closure	\$ 7,875	\$	-	\$	86	\$	-	\$	7,961
Homes for the Aged Residents	6,468		2,975		210		3,275		6,378
Community Centre Development Levy Trust	4,423		-		44		-		4,467
Toronto Police Services Board Mounted Unit	1,985		-		89		73		2,001
Indemnity Deposit – Waterpark Place	1,354		-		48		-		1,402
Contract Aftercare Project	1,297		-		35		-		1,332
Regent Park Legacy Trust	870		-		9		-		879
Music Garden Trust Fund	628		-		33		32		629
Community Services and Facilities	479		-		5		-		484
Queen's Quay Community Services	375		-		4		-		379
Lakeshore Pedestrian Bridge	313		-		12		-		325
Children's Green House Trust	145		-		1		-		146
Green Lane Small Claims	137		-		1		-		138
Toronto Police Services Board	97		-		58		51		104
Public Art Maintenance Trust	79		-		1		-		80
Preservation Trust	63		-		1		-		64
Hugh Clydesdale	55		-		2		-		57
Michael Sansone	47		-		-		-		47
Other Trust Funds	337		-		3		-		340
Fund balances	\$ 27,027	\$	2,975	\$	642	\$	3,431	\$	27,213

The accompanying notes are an integral part of these financial statements.

Statement of continuity of fund balances

As at and for the year ended December 31, 2024

	Balance, beginning of year		Receipts		Investment income		Disbursements		Balance, end of year
Keele Valley Site Post-Closure	\$ 7,757	\$	-	\$	118	\$	-	\$	7,875
Homes for the Aged Residents	6,409		2,833		249		3,023		6,468
Community Centre Development Levy Trust	5,738		-		310		1,625		4,423
Toronto Police Services Board Mounted Unit	1,968		-		80		63		1,985
Indemnity Deposit – Waterpark Place	1,281		-		73		-		1,354
Contract Aftercare Project	1,243		-		54		-		1,297
Regent Park Legacy Trust	825		-		45		-		870
Music Garden Trust Fund	627		-		23		22		628
Community Services and Facilities	833		-		45		399		479
Queen's Quay Community Services	356		-		19		-		375
Lakeshore Pedestrian Bridge	296		-		17		-		313
Children's Green House Trust	138		-		7		-		145
Green Lane Small Claims	130		-		7		-		137
Toronto Police Services Board	97		-		6		6		97
Public Art Maintenance Trust	83		-		4		8		79
Preservation Trust	60		-		3		-		63
Hugh Clydesdale	52		-		3		-		55
Michael Sansone	46		-		1		-		47
Other Trust Funds	456		10		8		137		337
Fund balances	\$ 28,395	\$	2,843	\$	1,072	\$	5,283	\$	27,027

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the year ended December 31, 2025

The City of Toronto Trust Funds (Trust Funds) consist of various trust funds administered by the City of Toronto (City). The Trust Funds' financial statements are the representation of management and have been prepared in accordance with the Chartered Professional Accountants of Canada's Public Sector Accounting Standards (PSAS). The Trust Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada). There is no specific budget established for the Trust Funds due to the nature of the funds.

1. Significant accounting policies

The significant accounting policies are summarized below.

a. Revenue recognition

The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Trust Funds are all classified as restricted and are to be used only for the specific purposes as specified by each trust agreement.

Cash receipts from users are recognized as revenue upon receipt of cash. Interest income is recognized as revenue on accrual basis of accounting. Accrual basis of accounting recognizes revenue when revenue is measurable and incurred.

Investment income includes dividends, interest and realized gains and losses and is included in the statement of operations and changes in fund balances.

b. Investments

Investments consisting of government and corporate bonds, equity instruments traded in an active market, debentures and short-term instruments of various financial institutions are authorized investments pursuant to the provisions of the City of Toronto Act, 2006. These investments held in the Trust Funds are restricted to fulfilling trust fund requirements as per the City of Toronto Act, 2006.

All investments, except for equity instruments traded in an active market, are measured at cost or amortized cost. Equity instruments traded in an active market are measured at fair value.

Investment transactions are recorded on a settlement date basis.

Unrealized gains and losses arising from a change in fair value of equity instruments are recognized as deferred revenue until the investments are sold due to the restricted nature of these investments.

Realized gains and losses arising from disposition or maturity of investments are recognized in the statement of operations and changes in fund balances.

c. Financial instruments and fair value hierarchy

The following is a list of the Trust Funds' financial instruments and their related measurement basis:

Financial assets	Measurement basis
Cash and cash equivalents	Cost / amortized cost
Accounts receivable	Cost / amortized cost
Due from City of Toronto	Cost / amortized cost
Investments (except for equity instruments traded in an active market)	Cost / amortized cost
Equity instruments traded in an active market	Fair value

Financial liabilities	Measurement basis
Accounts payable	Cost / amortized cost

Financial instruments measured at fair value 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 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value of the Trust Funds' equity instruments as at December 31, 2025 are Level 1.

The Trust Funds' investment activities expose it to a range of financial risks, including market risk, liquidity risk, and credit risk.

d. Expenses

Expenses are recognized on an accrual basis of accounting based on the receipt of goods or services and the creation of a legal obligation to pay.

2. Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and surplus/loss at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Adoption of new accounting standards

Effective January 1, 2024, the Trust Funds adopted PSAS. These standards were retrospectively adopted and therefore the 2024 comparative figures have been restated. These are the first financial statements prepared in accordance with PSAS. Key adjustments resulting from the adoption of these standards are as follows:

Summary of adjustments

Fund balances as at January 1, 2024:

Fund balances, as previously reported	\$	110,007
Removal of Toronto Atmospheric Fund		(81,260)
Adjustment for investments measured at cost / amortized cost		(101)
Adjustment for unrealized (gain) loss included in deferred revenue		(251)
Fund balances, as currently reported	\$	28,395

Fund balances as at December 31, 2024:

Fund balances, as previously reported	\$	97,032
Removal of Toronto Atmospheric Fund		(69,516)
Adjustment for investments measured at cost / amortized cost		(146)
Adjustment for unrealized (gain) loss included in deferred revenue		(343)
Fund balances, as currently reported	\$	27,027

Annual deficit for the year ended December 31, 2024:

Annual surplus, as previously reported	\$	(12,975)
Removal of Toronto Atmospheric Fund		11,744
Adjustment for investments measured at cost / amortized cost		(137)
Annual deficit, as currently reported	\$	(1,368)

Cash provided by operating activities for the year ended December 31, 2024:

Cash (used in), as previously reported	\$	(10,576)
Removal of Toronto Atmospheric Fund		10,979
Adjustment for investments measured at cost / amortized cost		(115)
Adjustment for unrealized loss included in deferred revenue		115
Cash provided by operating activities, as currently reported	\$	403

Cash provided by investing activities for the year ended December 31, 2024:

Cash provided by, as previously reported	\$	11,101
Removal of Toronto Atmospheric Fund		(10,979)
Cash provided by operating activities, as currently reported	\$	122

4. Due from City of Toronto

As at December 31, 2025 the Trust Funds have amounts due from the City of Toronto of \$12,226 (December 31, 2024 – \$12,190 and January 1, 2024 – \$13,925) for investment and banking transactions, since the City maintains bank accounts or holds investments on behalf of the Trust Funds. These amounts are non-interest bearing and are due on demand.

5. Investments

Investments consist of the following:

	December 31, 2025			December 31, 2024			January 1, 2024		
	As reported	Fair value	Book value	As reported	Fair value	Book value	As reported	Fair value	Book value
Short-term investments	\$ 7,502	\$ 7,604	\$ 7,502	\$ 7,587	\$ 7,733	\$ 7,587	\$ 7,709	\$ 7,810	\$ 7,709
Equity instruments	1,024	1,024	587	918	918	575	826	826	575
Total investments	\$ 8,526	\$ 8,628	\$ 8,089	\$ 8,505	\$ 8,651	\$ 8,162	\$ 8,535	\$ 8,636	\$ 8,284

	December 31, 2025	December 31, 2024	January 1, 2024
Weighted average rate of return	5.20%	6.59%	6.07%
Range of maturity dates	2026-2034	2025-2034	2024-2034
Excess of fair value over book value	\$ 539	\$ 489	\$ 352

6. Deferred revenue

Deferred revenue consists of unrealized gains and losses arising from the change in fair value of equity instruments. The following table provides a summary of significant components of the deferred revenue balance:

	December 31, 2025			
	Opening balance	In-year unrealized gains	In-year realized (gains)	Ending balance
Total deferred revenue	\$ 343	\$ 108	\$ (13)	\$ 438

			December 31, 2024			
		Opening balance	Opening adjustment January 1, 2024	In-year unrealized gains	In-year realized (gains)	Ending balance
Total deferred revenue	\$	-	\$ 251	\$ 115	\$ (23)	\$ 343

7. Investment income

	2025	2024
Investment income	\$ 147	\$ 87
Interest income	495	985
Total investment income	\$ 642	\$ 1,072

8. Risk exposure

The Trust Funds are subject to market risk, credit risk, liquidity risk, and interest rate risk with respect to their investment portfolio. The Trust Funds' interest bearing investments are exposed to interest rate risk. The Trust Funds' investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or market conditions affecting all securities traded in the market.

a. Credit risk

The Trust Funds hold investments in fixed income securities issued by corporations and government entities and as such have credit risk. The Trust Funds mitigate this risk by limiting the investment portfolio to investments in BBB grade or higher.

b. Liquidity risk

Liquidity risk is the risk that The Trust Funds will encounter difficulty in meeting obligations associated with its financial liabilities. The Trust Funds are subject to liquidity risk through its accounts payable.

c. Market risk

Market risks include exposure arising from holdings of foreign currency denominated investments and equity prices. The Trust Funds' reporting currency is Canadian dollars. A decrease in the relative value of the Canadian dollar as compared to the US dollar will result in an increase to the Trust Funds' US dollar investments. An increase in the relative value of the Canadian dollar as compared to the US dollar will result in a decrease to the Trust Funds' US dollar investments.

i. Interest rate risk:

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Trust Funds' investments are comprised primarily of fixed interest rates instruments.

ii. Other price risk:

Price risk is the risk that the fair value or future cash flows of an equity financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust Funds manage risk by investing across a wide variety of asset classes and investment strategies.

9. Capital management

In managing capital, the Trust Funds focus on liquid resources available for reinvestment. The Trust Funds' objective is to have sufficient liquid resources to meet payout requirements. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2025, the Trust Funds have met their objective of having sufficient liquid resources to meet their current requirements.