

# **The Bruce Trail Conservancy**

## **Financial Statements**

**Year ended June 30, 2025**



## Independent Auditor's Report

To the Directors of The Bruce Trail Conservancy

### **Opinion**

We have audited the financial statements of The Bruce Trail Conservancy (the "Conservancy"), which comprise the statement of financial position as at June 30, 2025, and the statements of change in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Bruce Trail Conservancy as at June 30, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **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 report. We are independent of the Conservancy 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 accounting standards for not-for-profit organizations, 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 Conservancy'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 Conservancy or to cease operations, or has no realistic alternative but to do so.

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

## Independent Auditor's Report, continued

### ***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 these 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 Conservancy'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 Conservancy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Conservancy 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.

We 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.

*Pettinelli Mastrolucchi LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

**Hamilton, Ontario  
September 20, 2025**

# The Bruce Trail Conservancy

## Statement of Financial Position

June 30, 2025, with comparative information for 2024


	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	Total June 30	
						2025	2024
<b>Assets</b>							
Current assets							
Cash	\$ 4,799,296	\$ 10,945,332	\$ 134,116	\$ 89,177	\$ -	\$ 15,967,921	\$ 12,517,480
Accounts receivable	79,544	187,910	-	-	1,687	269,141	2,436,305
Merchandise inventory (Note 2)	185,297	-	-	-	-	185,297	204,312
Prepaid expenses and deposits	187,315	59,983	-	-	-	247,298	263,110
Land held for sale	-	4,250,000	-	-	-	4,250,000	700,000
	<u>5,251,452</u>	<u>15,443,225</u>	<u>134,116</u>	<u>89,177</u>	<u>1,687</u>	<u>20,919,657</u>	<u>16,121,207</u>
Restricted cash and investments (Note 3)	-	7,880,624	-	398,401	-	8,279,025	870,400
Investments (Note 3)	-	-	1,402,751	8,358,238	424,643	10,185,632	7,937,469
Cash and investments held for endowment (Note 3 and 10)	-	-	-	-	1,250,450	1,250,450	975,475
Capital assets (Note 4)	63,817	74,787,845	-	-	-	74,851,662	62,846,608
Intangible assets (Note 5)	149,709	-	-	-	-	149,709	195,396
	<u>\$ 5,464,978</u>	<u>\$ 98,111,694</u>	<u>\$ 1,536,867</u>	<u>\$ 8,845,816</u>	<u>\$ 1,676,780</u>	<u>\$ 115,636,135</u>	<u>\$ 88,946,555</u>
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued liabilities (Note 6)	\$ 381,947	\$ 248,801	\$ -	\$ -	\$ -	\$ 630,748	\$ 509,665
Deferred membership revenue (Note 7)	143,553	-	-	-	-	143,553	125,170
Deferred contributions and grants (Note 8)	-	107,751	-	-	-	107,751	96,286
	<u>525,500</u>	<u>356,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>882,052</u>	<u>731,121</u>
Deferred membership revenue (Note 7)	<u>425,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,777</u>	<u>407,165</u>
	<u>951,277</u>	<u>356,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,307,829</u>	<u>1,138,286</u>
<b>Fund Balances</b>							
Unrestricted	4,300,175	15,176,908	-	-	-	19,477,083	14,758,838
Internally restricted	-	-	1,536,867	8,447,415	426,330	10,410,612	8,240,793
Externally restricted (Notes 3 and 10)	-	7,880,624	-	398,401	-	8,279,025	870,400
Endowments (Notes 10 and 11)	-	-	-	-	1,250,450	1,250,450	975,475
Invested in capital and intangible assets (Note 12)	213,526	74,697,610	-	-	-	74,911,136	62,962,763
	<u>4,513,701</u>	<u>97,755,142</u>	<u>1,536,867</u>	<u>8,845,816</u>	<u>1,676,780</u>	<u>114,328,306</u>	<u>87,808,269</u>
	<u>\$ 5,464,978</u>	<u>\$ 98,111,694</u>	<u>\$ 1,536,867</u>	<u>\$ 8,845,816</u>	<u>\$ 1,676,780</u>	<u>\$ 115,636,135</u>	<u>\$ 88,946,555</u>
Contingencies (Note 13)							
Commitments (Note 14)							
Subsequent event (Note 15)							

See accompanying notes to financial statements.

### Approved by the Board:



Jaclyn Moody, Board Chair



Doug Stansbury, Chair of Finance & Risk

# The Bruce Trail Conservancy

## Statement of Changes in Fund Balances

Year ended June 30, 2025, with comparative information for 2024

	Year ended June 30, 2025					Total
	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	
Fund balance, beginning of year	\$ 4,507,758	\$ 73,713,843	\$ 1,341,881	\$ 7,035,693	\$ 1,209,094	\$ 87,808,269
Excess of revenues over expenses for the year	5,943	(331,782)	64,986	1,143,031	192,711	1,074,889
Donations and grants restricted for the purchase of land and easements (Note 9 and 10)	-	24,500,173	-	-	-	24,500,173
Donations of land and easements (Note 10)	-	670,000	-	-	-	670,000
Endowment contributions (Note 10)	-	-	-	-	274,975	274,975
Interfund transfers (Note 16)	-	(797,092)	130,000	667,092	-	-
Fund balance, end of year	<u>\$ 4,513,701</u>	<u>\$ 97,755,142</u>	<u>\$ 1,536,867</u>	<u>\$ 8,845,816</u>	<u>\$ 1,676,780</u>	<u>\$ 114,328,306</u>

	Year ended June 30, 2024					Total
	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	
Fund balance, beginning of year	\$ 1,149,059	\$ 63,224,692	\$ 1,157,157	\$ 5,391,291	\$ 412,638	\$ 71,334,837
Excess of revenues over expenses for the year	3,358,699	1,503,063	63,724	797,056	82,941	5,805,483
Donations and grants restricted for the purchase of land and easements (Note 9 and 10)	-	9,322,088	-	-	-	9,322,088
Donations of land and easements (Note 10)	-	870,000	-	-	-	870,000
Endowment contributions (Note 10)	-	-	-	-	475,861	475,861
Interfund transfer of endowment (Note 16)	-	-	-	(100,000)	100,000	-
Interfund transfers (Note 16)	-	(1,206,000)	121,000	947,346	137,654	-
Fund balance, end of year	<u>\$ 4,507,758</u>	<u>\$ 73,713,843</u>	<u>\$ 1,341,881</u>	<u>\$ 7,035,693</u>	<u>\$ 1,209,094</u>	<u>\$ 87,808,269</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Statement of Operations

Year ended June 30, 2025, with comparative information for 2024

	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	Total Year ended June 30	
						2025	2024
<b>Revenues</b>							
Donations of cash and securities (Note 10)	\$ 60,912	\$ 4,916,497	\$ -	\$ -	\$ -	\$ 4,977,409	\$ 7,791,138
Interest and realized investment income	142,435	362,954	43,904	354,844	62,740	966,877	1,067,413
Membership dues - Conservancy's portion	570,074	-	-	-	-	570,074	565,814
Bruce Trail Enterprises	356,870	-	-	-	-	356,870	376,879
Membership dues - Clubs' portion	112,160	-	-	-	-	112,160	118,493
Grants	-	87,405	-	-	-	87,405	119,795
Rental income	-	71,522	-	-	-	71,522	63,150
Miscellaneous income	11,147	12,498	-	-	-	23,645	13,701
	<u>1,253,598</u>	<u>5,450,876</u>	<u>43,904</u>	<u>354,844</u>	<u>62,740</u>	<u>7,165,962</u>	<u>10,116,383</u>
<b>Expenses (Note 17)</b>							
Land stewardship	-	1,136,071	-	-	-	1,136,071	854,680
Fundraising	-	915,430	-	-	-	915,430	778,932
Land securement	-	780,348	-	-	-	780,348	457,879
Administrative salaries and benefits	471,025	-	-	-	-	471,025	404,485
Communications and engagement	-	350,280	-	-	-	350,280	294,631
Member and public outreach	45,355	293,912	-	-	-	339,267	304,056
Board, committee and member meetings	-	236,161	-	-	-	236,161	280,382
Computer equipment and services	129,022	101,712	-	-	-	230,734	203,891
Volunteer management	-	212,632	-	-	-	212,632	114,957
Trail development and maintenance	-	193,322	-	-	-	193,322	144,238
Bruce Trail Enterprises	159,695	-	-	-	-	159,695	201,049
Rent, utilities and maintenance	82,563	65,087	-	-	-	147,650	118,221
Bruce Trail Magazine	-	141,496	-	-	-	141,496	124,573
Land management and property taxes	-	118,418	-	-	-	118,418	90,154
Landowner relations	-	117,572	-	-	-	117,572	104,362
Clubs' share of membership dues	112,160	-	-	-	-	112,160	118,493
Professional and investment management fees	20,729	16,342	5,646	56,005	8,733	107,455	90,274
Bank and service charges	44,415	35,009	-	-	-	79,424	73,401
Amortization of capital assets	24,707	54,086	-	-	-	78,793	72,741
Insurance	42,371	33,403	-	-	-	75,774	116,490
Office and administrative expenses	32,995	26,011	-	-	-	59,006	55,993
Donations forwarded to clubs	50,941	-	-	-	-	50,941	45,531
Amortization of intangible assets	45,687	-	-	-	-	45,687	39,960
Life insurance	14,346	-	-	-	-	14,346	15,216
	<u>1,276,011</u>	<u>4,827,292</u>	<u>5,646</u>	<u>56,005</u>	<u>8,733</u>	<u>6,173,687</u>	<u>5,104,589</u>
Excess of revenues over expenses from operations	<u>(22,413)</u>	<u>623,584</u>	<u>38,258</u>	<u>298,839</u>	<u>54,007</u>	<u>992,275</u>	<u>5,011,794</u>
<b>Other income (expenses)</b>							
Increase in unrealized gains from investments	-	-	26,728	844,192	138,704	1,009,624	719,542
Foreign currency exchange gain (loss)	28,356	22,354	-	-	-	50,710	(2,845)
Amortization of deferred capital contributions	-	4,006	-	-	-	4,006	4,006
(Loss) gain on sale of capital assets	-	(181,726)	-	-	-	(181,726)	72,986
Write-down of land held for sale	-	(800,000)	-	-	-	(800,000)	-
	<u>28,356</u>	<u>(955,366)</u>	<u>26,728</u>	<u>844,192</u>	<u>138,704</u>	<u>82,614</u>	<u>793,689</u>
Excess of revenues over expenses for the year	<u>\$ 5,943</u>	<u>\$ (331,782)</u>	<u>\$ 64,986</u>	<u>\$ 1,143,031</u>	<u>\$ 192,711</u>	<u>\$ 1,074,889</u>	<u>\$ 5,805,483</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Statement of Cash Flows

Year ended June 30, 2025, with comparative information for 2024

	Year ended June 30	
	2025	2024
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 1,074,889	\$ 5,805,483
Items not involving cash:		
Amortization of capital assets	78,793	72,741
Amortization of intangible assets	45,687	39,960
Amortization of deferred capital contributions (Note 8)	(4,006)	(4,006)
Increase in unrealized gains from investments	(1,009,624)	(719,542)
Loss (gain) on sale of land held for sale	181,726	(72,986)
Write-down of land held for sale	800,000	-
Recognition of deferred contributions and grants related to expenses of future periods (Note 8)	(12,045)	(30,072)
	<u>1,155,420</u>	<u>5,091,578</u>
Net change in non-cash working capital balances relating to operations:		
Decrease (increase) in accounts receivable	2,167,164	(2,402,179)
Decrease (increase) in merchandise inventory	19,015	(78,441)
Decrease (increase) in prepaid expenses and deposits	15,812	(45,160)
Increase (decrease) in accounts payable and accrued liabilities	121,083	(20,442)
Increase in deferred membership revenue	36,995	14,870
	<u>3,515,489</u>	<u>2,560,226</u>
<b>Financing activities</b>		
Contributions and grants received for capital expenditures and expenses of future periods (Note 8)	27,516	12,045
Donations and grants restricted for the purchase of land and easements	24,500,173	9,322,088
Endowment contributions	274,975	475,861
	<u>24,802,664</u>	<u>9,809,994</u>
<b>Investing activities</b>		
Proceeds on sale of land assets, net	1,268,274	1,966,572
Purchase of investments, net	(1,698,773)	(1,689,556)
Purchase of land and easements	(12,369,549)	(11,414,266)
Purchase of land held for sale	(4,750,000)	(1,650,000)
Purchase of other capital assets	(94,298)	(48,616)
Purchase of intangible assets	-	(57,273)
	<u>(17,644,346)</u>	<u>(12,893,139)</u>
Increase (decrease) in cash	10,673,807	(522,919)
Cash, beginning of year	<u>13,197,936</u>	<u>13,720,855</u>
Cash, end of year	<u>\$ 23,871,743</u>	<u>\$ 13,197,936</u>
<b>Cash consists of:</b>		
Cash	\$ 15,967,921	\$ 12,517,480
Restricted cash (Note 3)	7,880,624	500,000
Cash held for endowment (Note 3 and 10)	23,198	180,456
	<u>\$ 23,871,743</u>	<u>\$ 13,197,936</u>

Non-cash transactions include the acquisition of land assets from in-kind donations in the amount of \$670,000 (2024 - \$870,000).

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### Nature of operations

The Bruce Trail Conservancy (the "Conservancy") is a charitable organization working to preserve a ribbon of wilderness, for everyone, forever, along the route of the Bruce Trail secured within a permanently protected natural corridor along the Niagara Escarpment.

The Conservancy was incorporated on March 13, 1963 under Ontario Letters Patent and is exempt from income tax as a registered charity under the Income Tax Act.

### 1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The significant accounting policies of the Conservancy are detailed as follows:

#### Cash

Cash is defined to include cash on hand and bank account balances with financial institutions, net of outstanding cheques and deposits. Cash also includes short-term deposits which are highly liquid with original maturities of less than three months.

#### Merchandise inventory

Merchandise inventory consists of finished goods and merchandise in production. Finished goods are valued at the lower of cost and net realizable value where cost is determined using the weighted average method. Merchandise in production consists of expenditures for merchandise not yet completed or delivered to the Conservancy.

#### Investments

Investments are recorded at their fair value.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful lives of these assets and is determined using the following annual rates and methods:

Furniture, fixtures and equipment	20% Declining balance
Computer equipment and software	30% Declining balance
Fences	10 years Straight-line
Leasehold improvements	10 years Straight-line
Parking lots	10 years Straight-line
Donor wall	10 years Straight-line
Buildings	30 years Straight-line
Pedestrian bridge	40 years Straight-line

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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**1. Significant accounting policies, continued**

**Capital assets, continued**

Capital assets under development are not amortized until the asset is available for productive use. At such time the capital assets will be amortized at a method and rate designed to amortize the cost of the assets over their estimated useful lives.

Land and easements are not amortized. Expenditures for maintenance and repairs are charged to excess of revenues over expenses as incurred.

**Land held for sale**

On occasion and as part of the Conservancy’s strategic initiatives to secure targeted land along the route of the Bruce Trail, certain parcels are secured which will not be retained. When land is not expected to be retained it is presented as land held for sale when management commits to a plan to sell at a reasonable price and locate a buyer, it is available for sale immediately, the sale is likely to occur within one year and it is unlikely that there will be a significant change to the plan. Land held for sale is not amortized, is measured at the lower of its carrying amount or fair value less cost to sell and is presented as a current asset in the statement of financial position. When circumstances relating to land previously presented as held for sale change substantially and it is no longer likely that the sale will occur within one year, the land is presented with other capital assets as long-term in the statement of financial position.

**Intangible assets**

Intangible assets are recognized at cost less accumulated amortization and amortized on the basis of their useful life using the straight-line method at the following rates, except for trademarks which are not amortized given their indefinite life:

Website	5 years Straight-line
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**Impairment of long-lived assets**

Long-lived assets, which are comprised of capital assets and intangible assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value. When quoted market prices are not available, the Conservancy uses the expected future cash flows discounted at market rates commensurate with the risk associated with the recovery of the asset as an estimate of fair value. An impairment loss is not reversed if the fair market value of the related asset subsequently increases.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 1. Significant accounting policies, continued

#### Revenue recognition

The Conservancy follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related expenditures have not yet been made are recorded as deferred contributions. Contributions restricted for the purchase of depreciable capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Restricted contributions for the purchase of land and easements and donations of land and easements in-kind are reported as a direct increase in the corresponding fund's balance.

Endowment contributions are reported as a direct increase in the corresponding fund's balance in the year received. Investment income earned on endowments is reported in the statement of operations and is used in accordance with the purposes established by the donors.

Investment income on internally restricted assets is recognized as income of the internally restricted reserves when earned. Investment income earned on externally restricted assets or contributions will be utilized towards the original restriction and recognized to revenue in accordance with the Conservancy's related policies.

#### Donated services

The work of the Conservancy is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Conservancy and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

#### Government assistance

Government assistance provided for non-capital expenses of the current period have been accounted for in the excess of revenues over expenses. Government assistance received related to expenses of future periods is initially deferred and subsequently recognized to the excess of revenues over expenses as eligible expenditures are incurred.

#### Employee retirement matching program

All permanent full-time employees of the Conservancy are eligible for the employee retirement matching program. Contributions made by the Conservancy on behalf of eligible and participating employees are included in the excess of revenues over expenses from operations when incurred.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 1. Significant accounting policies, continued

#### Fund accounting

The Conservancy utilizes fund accounting and has established the following funds:

(i) Capacity Fund

The Capacity Fund is responsible for the administrative activities of the Conservancy. Revenue is generated from memberships sold, unrestricted donations, restricted donations designated to this fund by donors and the sale of merchandise by Bruce Trail Enterprises.

(ii) Conservation Fund

The Conservation Fund is responsible for carrying out the program delivery associated with the management, stewardship and acquisition of properties along the Bruce Trail. Land and properties owned by the Conservancy and the revenues and expenses related to program delivery are reported in the Conservation Fund.

(iii) Contingency Reserve Fund

The Contingency Reserve Fund is an internally restricted fund to be used to cover the operations of the Conservancy in the event that there is an unforeseen circumstance that impacts its ability to generate cash flows for a period of time, or to support operating deficiencies and working capital requirements, at the discretion of the Board of Directors. Investment income earned by the fund is distributed as determined by the Board of Directors.

(iv) Land Stewardship Reserve Fund

The Land Stewardship Reserve Fund is an internally restricted fund to be used to fund future stewardship costs relating to the Conservancy's property holdings. Beginning in fiscal 2011, the Board of Directors approved a motion to adopt a policy to transfer approximately 10% of the cost of land secured, or received as a donation, in any fiscal year from the Conservation Fund to the Land Stewardship Reserve Fund. As of December 2024, the Board of Directors approved a motion to amend this policy such that the transfers to the Land Stewardship Reserve Fund would be based on \$720 per acre on acquired property retained by the Conservancy. All transfers are subject to variance based on review and final approval by the Board of Directors.

(v) Trail Development and Maintenance Fund

The Trail Development and Maintenance Fund is an internally restricted fund responsible for the costs of developing and maintaining the Bruce Trail. Contributions and expenses directly related to these objectives are reported in the Trail Development and Maintenance Fund.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 1. Significant accounting policies, continued

#### Financial instruments

##### (i) Measurement of financial instruments

The Conservancy initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Conservancy is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Conservancy in the transaction.

The Conservancy subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred. Financial assets measured at cost or amortized cost include cash, restricted cash, cash held in endowments and accounts receivable. Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities. The Conservancy has not elected to carry any such financial instruments at fair value.

##### (ii) Impairment

For financial assets measured at cost or amortized cost, the Conservancy determines whether there are indications of possible impairment. When there is an indication of impairment, and the Conservancy determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenues over expenses.

##### (iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenues over expenses in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments. Transaction costs related to financial instruments subsequently measured at amortized cost are recognized in the excess of revenues over expenses over the life of the instrument using the straight-line method.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 1. Significant accounting policies, continued

#### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 statement of financial position date and the reported amounts of revenues and expenses for the year. Significant items subject to estimates and assumptions include the valuation of land and the useful life of capital assets and intangible assets. Due to the inherent uncertainty of making estimates, actual results could differ from those estimates.

### 2. Merchandise inventory

	June 30	
	2025	2024
Finished goods	\$ 170,774	\$ 196,361
Merchandise in production	<u>14,523</u>	<u>7,951</u>
	<u>\$ 185,297</u>	<u>\$ 204,312</u>

### 3. Restricted cash and investments

	2025		2024	
	Market	Cost	Market	Cost
Canadian Equity SRI Fund	\$ 6,267,372	\$ 4,781,269	\$ 4,491,410	\$ 3,530,566
Global Equity SRI Fund	4,141,162	3,264,035	3,019,315	2,546,931
Money Market Fund	751,957	753,118	980,198	981,977
Bond Fund	533,685	573,849	503,067	556,454
Credit Fund	117,109	115,703	-	-
Total Return Bond Fund	<u>-</u>	<u>-</u>	<u>108,898</u>	<u>114,133</u>
	<u>\$ 11,811,285</u>	<u>\$ 9,487,974</u>	<u>\$ 9,102,888</u>	<u>\$ 7,730,061</u>

As at the year-end date, the Conservancy held cash of \$7,880,624 (2024 - \$500,000) from donations and grants restricted for the future purchase of land and easements.

The Conservancy has received grants in connection with the stewardship of specific properties. Pursuant to certain land stewardship agreements, an aggregate amount of approximately \$300,000 is required to be retained and is restricted for such purpose. As at the year-end date, \$398,401 (2024 - \$370,400) has been recorded as restricted cash and investments related to specific land stewardship agreements. Investment income earned on these funds must also be utilized for land stewardship purposes.

During the year, the Conservancy received endowment contributions of \$274,975 (2024 - \$475,861) in connection with the Trail Development and Maintenance Fund, of which \$23,198 (2024 - \$180,456) was held as cash for future investment as at the year-end date.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

### 4. Capital assets

#### Capacity Fund

	Cost	Accumulated amortization	June 30	
			2025 Net book value	2024 Net book value
Computer equipment and software	\$ 213,325	\$ (179,602)	\$ 33,723	\$ 30,981
Leasehold improvements	75,317	(67,640)	7,677	12,772
Furniture, fixtures and equipment	95,981	(73,564)	22,417	11,434
	<u>\$ 384,623</u>	<u>\$ (320,806)</u>	<u>\$ 63,817</u>	<u>\$ 55,187</u>

#### Conservation Fund

	Cost	Accumulated amortization	June 30	
			2025 Net book value	2024 Net book value
Land and easements	\$ 74,097,317	\$ -	\$ 74,097,317	\$ 62,107,767
Pedestrian bridge	458,735	(170,618)	288,117	299,586
Buildings	436,308	(273,296)	163,012	177,871
Fences	152,148	(45,444)	106,704	121,919
Parking lots	84,878	(9,027)	75,851	20,329
Donor wall	71,055	(14,211)	56,844	63,949
	<u>\$ 75,300,441</u>	<u>\$ (512,596)</u>	<u>\$ 74,787,845</u>	<u>\$ 62,791,421</u>

As at June 30, 2025, the Conservancy owned 221 parcels (2024 - 209 parcels), including severed portions held for sale, totaling 10,219 acres (2024 - 9,646 acres).

Management is in the process of severing one (2024 - two) property held by the Conservancy in order to effect the sale of the house on the severed portion of the property. The total approximate carrying value of the property that will be sold is \$1,750,000 (2024 - \$2,800,000). Upon completion, when the property is ready for sale, the carrying value will be transferred to land held for sale on the statement of financial position until disposal. Management anticipates that the process to sever and sell the property will take less than one year to complete.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 5. Intangible assets

#### Capacity Fund

	Cost	Accumulated amortization	June 30	
			2025 Net book value	2024 Net book value
Website	\$ 228,432	\$ (102,762)	\$ 125,670	\$ 171,357
Trademarks	24,039	-	24,039	24,039
	<u>\$ 252,471</u>	<u>\$ (102,762)</u>	<u>\$ 149,709</u>	<u>\$ 195,396</u>

Trademarks represent the costs associated with application and filing for certain trademarks used by the Conservancy. These trademarks represent an intangible asset to the Conservancy with an indefinite life and therefore no amortization has been taken.

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$20,628 (2024 - \$16,786), which includes amounts payable for sale taxes, payroll related taxes and WSIB premiums.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 7. Deferred membership revenue

The Conservancy offers three membership options. These options include a one year, a three year, or a life membership. One year memberships are recognized as revenue in the year in which they are issued. Three year memberships are recognized as revenue evenly over three years. With the purchase of a three year membership, members save \$15 (2024 - \$15) on the total cost. The discount is recognized evenly over the three year membership period. The membership revenue attributable to the life memberships is recognized evenly over 20 years. Irrespective of the membership option selected, \$11 (2024 - \$11) from each membership fee is paid annually to a Bruce Trail Conservancy club of the member's choosing. Deferred membership revenue is comprised of the following:

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Current:		
Three year memberships	\$ 112,535	\$ 96,547
Life memberships	<u>31,018</u>	<u>28,623</u>
	<u>143,553</u>	<u>125,170</u>
Long term:		
Three year memberships	49,568	54,943
Life membership	<u>376,209</u>	<u>352,222</u>
	<u>425,777</u>	<u>407,165</u>
	<u>\$ 569,330</u>	<u>\$ 532,335</u>

Included in deferred membership revenue at the year-end date were the following amounts which are eventually owing to the Bruce Trail Conservancy clubs (refer to Note 19):

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Three year memberships - current portion	\$ 18,271	\$ 13,512
Three year memberships - long-term portion	9,042	9,229
Life memberships - current portion	6,527	6,186
Life memberships - long-term portion	<u>75,723</u>	<u>73,682</u>
	<u>\$ 109,563</u>	<u>\$ 102,609</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 8. Deferred contributions and grants

Deferred contributions and grants represent unspent externally restricted donations, grants and other contributions related to expenses of future periods. Deferred capital contributions represent the unamortized amount of restricted contributions that the Conservancy received to acquire depreciable capital assets. The change in the balance of deferred contributions and grants is as follows:

	June 30	
	2025	2024
<b>Deferred contributions:</b>		
Balance, beginning of year	\$ 17,045	\$ 35,072
Add: Contributions and grants received and deferred	12,516	12,045
Less: Contributions recognized as revenue	<u>(12,045)</u>	<u>(30,072)</u>
Balance, end of year	<u>17,516</u>	<u>17,045</u>
<b>Deferred capital contributions:</b>		
Balance, beginning of year	79,241	83,247
Add: Contributions received during the year for capital asset purchases	15,000	-
Less: Amortization of deferred capital contributions	<u>(4,006)</u>	<u>(4,006)</u>
Balance, end of year	<u>90,235</u>	<u>79,241</u>
	<u>\$ 107,751</u>	<u>\$ 96,286</u>

As at June 30, 2025 capital contributions of \$15,000 received during the year remain unspent as the related parking lot project was delayed to Spring 2026.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 9. Environment and Climate Change Canada grant

During the 2023 fiscal year, the Conservancy entered into an agreement with Environment and Climate Change Canada ("ECCC") for a significant multi-year funding source until March 31, 2027. ECCC has committed to provide up to a maximum amount of \$7,351,966 in cash in accordance with the March 2024 agreement amendment. As part of the terms of the agreement, to receive the maximum funding the Conservancy will have to raise and match the committed amount. The agreement specifies that the Conservancy will support the objectives of ECCC to reduce Canadian greenhouse gas emissions and ensure Canada's wildlife and habitat is conserved and protected. The Conservancy can spend this funding on eligible expenditures as specified by the agreement. During the year ended June 30, 2025, the Conservancy recognized \$1,250,000 (2024 - \$2,851,966) as a direct increase to the Conservation Fund on the statement of changes in fund balances as the amount was intended and approved for the purchase of land and easements. As at June 30, 2025, \$187,500 (2024 - \$2,426,966) of the amount recognized during the year had not been received and was included in accounts receivable on the statement of financial position. The outstanding receivable amount was subsequently received after the financial statements year-end date of June 30, 2025.

The funding is subject to review by ECCC and its related authorities. Any resulting adjustments or required repayments that may result from such a review will be reflected in the year of settlement.

### 10. Donations, grants and other contributions

During the year the Conservancy received donations, donations of land and easements in-kind, and endowment contributions totaling \$28,313,557 (2024 - \$14,777,168). The donations have been accounted for as restricted or unrestricted based upon the intentions of the donor.

#### (i) Restricted for the purchase of land and easements and land securement

Consistent with the Conservancy's ongoing operations and strategic objectives, donations restricted for the purchase of land and easements and donations of land and easements in-kind were received during the year. Donations restricted for the purchase of land and easements and donations of land and easements in-kind amounted to \$22,391,173 (2024 - \$5,640,169) and \$670,000 (2024 - \$870,000) respectively. In addition, the Conservancy received \$2,109,000 (2024 - \$3,681,919) in grant funding related to the acquisition of land and easements. In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, these restricted donations for the purchase of non-depreciable capital assets have been accounted for as a direct increase in the year-end fund balance of the Conservation Fund and therefore are not reflected as revenue in the statement of operations.

#### (ii) Unrestricted

The Conservancy received \$4,977,409 (2024 - \$7,791,138) in unrestricted donations which have been recognized as revenue in the statement of operations in the current year. Unrestricted donations can be utilized by the Conservancy for any required purpose including the support of administration, operations and strategic initiatives.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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**10. Donations, grants and other contributions, continued**

(iii) Endowment contributions

During the year, the Conservancy received and recognized \$274,975 (2024 - \$475,861) in endowment contributions related to the Trail Development and Maintenance Fund's endowment fund. Of this amount, \$100,000 (2024 - \$296,848) was received from The Dana-Zara Fund, which has pledged to match endowments raised by the Conservancy. The original agreement with The Dana-Zara Fund committed matching endowment contributions raised by the Conservancy until June 30, 2025 to a maximum of \$500,000. During the year, a new agreement was reached with The Dana-Zara Fund which committed matching an additional \$500,000 in endowment contributions raised by the Conservancy until June 30, 2029. As at the year-end date, the total accumulated endowment contributions related to The Dana-Zara Fund agreement that are included in the Trail Development and Maintenance Fund's endowment was \$1,150,450 (2024 - \$875,475). These funds are to be allocated to the Trail Development and Maintenance Fund and remain vested in this fund as long as the fund is in existence. Investment income generated from this endowment balance may be utilized to support trail development and maintenance initiatives.

In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, endowment contributions have been accounted for as a direct increase in the year-end fund balance of the Trail Development and Maintenance Fund, and therefore are not reflected as revenue in the statement of operations.

**11. Endowments**

The Conservancy's restricted endowment balances, which are included as part of the Trail Development and Maintenance Fund, are comprised of the following:

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Trail Development and Maintenance Fund (1182 & 1183)	\$ 1,150,450	\$ 875,475
Diane Nicolucci Bruce Trail Connection Fund	<u>100,000</u>	<u>100,000</u>
	<u>\$ 1,250,450</u>	<u>\$ 975,475</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 12. Invested in capital and intangible assets

(a) Invested in capital and intangible assets is determined as follows:

	June 30	
	2025	2024
Capital assets	\$ 74,851,662	\$ 62,846,608
Intangible assets	149,709	195,396
Amounts financed by deferred capital contributions	<u>(90,235)</u>	<u>(79,241)</u>
	<u>\$ 74,911,136</u>	<u>\$ 62,962,763</u>

(b) Change in net assets invested in capital and intangible assets is determined as follows:

	2025	2024
Purchase of land and easements	\$ 12,369,549	\$ 11,414,266
Purchase of other capital assets	94,298	48,616
Purchase of intangible assets	-	57,273
Donated land and easements	670,000	870,000
Less: Amounts funded by deferred capital contributions (Note 8)	(15,000)	-
Land designated as held for sale during the year	<u>(1,050,000)</u>	<u>-</u>
Investment in capital and intangible assets	<u>12,068,847</u>	<u>12,390,155</u>
Amortization of capital assets	(78,793)	(72,741)
Amortization of intangible assets	(45,687)	(39,960)
Amortization of deferred capital contributions	<u>4,006</u>	<u>4,006</u>
Deficiency of revenues over expenses	<u>(120,474)</u>	<u>(108,695)</u>
Change in net assets invested in capital and intangible assets	<u>\$ 11,948,373</u>	<u>\$ 12,281,460</u>

### 13. Contingencies

From time to time, the Conservancy is subject to claims and other lawsuits that arise in the course of operations, some of which may seek damages of substantial amounts. It is expected that any successful claims would be covered pursuant to the Conservancy's insurance policies. As at June 30, 2025, based on management's assessment, there were no outstanding claims that would likely cause an economic loss to the Conservancy and therefore no amount has been accrued in the financial statements.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 14. Commitments

The Conservancy's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are the following:

2026	\$	167,400
2027		169,400
2028		164,900
2029		168,200
2030		168,556
Subsequent years		<u>203,433</u>
	\$	<u>1,041,889</u>

### 15. Subsequent event

Subsequent to year-end, the Conservancy entered into an agreement to sell a property which was classified as land held for sale on the statement of financial position and had a carrying value of \$3,200,000. The transaction is expected to be completed in late September 2025 with a sales price of \$3,250,000.

### 16. Interfund transfers

Consistent with the Conservancy's policy, the Board of Directors recognized and carried out the following fund transfers:

- ♦ from the Conservation Fund to the Land Stewardship Reserve Fund in the amount of \$667,092 (2024 - \$985,000)
- ♦ from the Conservation Fund to the Contingency Reserve Fund in the amount of \$130,000 (2024 - \$121,000)
- ♦ from the Conservation Fund to the Trail Development and Maintenance Fund in the amount of \$Nil (2024 - \$100,000)

These transfers were made to support the Conservancy's initiatives, objectives and policies including those described in the fund accounting section of Note 1(iv) related to the Land Stewardship Reserve Fund.

During the prior fiscal year, the Board of Directors determined that the previously contributed endowment related to the Diane Nicolucci Bruce Trail Connection Fund in the amount of \$100,000 would be better aligned with the objectives of the Trail Development and Maintenance Fund. Prior to the inception of the Trail Development and Maintenance Fund in fiscal 2023, the Diane Nicolucci Bruce Trail Connection Fund was attributed to the Land Stewardship Reserve Fund. As such, in fiscal 2024, the endowment amount of \$100,000 and the related accumulated gain on investment of \$37,654 was therefore transferred from the Land Stewardship Reserve Fund to the Trail Development and Maintenance Fund.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 17. Allocation of costs by function

Salaries and benefits represent the largest component of operating costs and are allocated to various functions to reflect the time spent in each area. Direct expenses are charged directly to the related area. Salaries and benefits have been allocated to the various functions based on actual time incurred as follows:

	June 30	
	2025	2024
Fundraising	\$ 678,814	\$ 568,273
Land stewardship	538,717	473,771
Administrative salaries and benefits	471,025	404,485
Land securement	336,548	267,657
Communications and engagement	296,046	277,942
Member and public outreach	160,393	162,276
Volunteer management	134,114	89,059
Board, committee and member meetings	122,227	109,293
Other functions	113,279	104,499
Trail development and maintenance	92,091	65,084
Bruce Trail Enterprises and Magazine	60,860	42,223
Government relations	26,161	17,867
	<u>\$ 3,030,275</u>	<u>\$ 2,582,429</u>

### 18. Employee retirement matching program

The Conservancy makes contributions towards employee retirement savings plans on behalf of its permanent full-time employees. A permanent employee is defined as working a minimum of 24 hours per week. The Conservancy matches the contributions made by each employee to a maximum of 5.00% (2024 - 3.00%) of the employee's annual salary.

During the year, the Conservancy's contributions to employee retirement savings plans were \$93,168 (2024 - \$51,407).

### 19. Economic interest

The Conservancy has an economic interest in nine clubs located along the Bruce Trail. Each club has accepted responsibility for developing and maintaining the portion of the trail located within its district, for assisting with the stewardship of the Conservancy's properties, conducting hikes for member and non-member public, public outreach, fundraising, and other related activities. These activities are conducted by each club using its own volunteers and financial resources, including a portion of the membership dues paid to the Conservancy and donations received by the Conservancy on behalf of the club. The Conservancy may provide special funding for projects beyond the resources of the clubs.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2025

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### 20. Financial instrument risks and uncertainties

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks. The following disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the Conservancy will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Conservancy manages its liquidity risk by monitoring its operating requirements and by preparing budgets and cash forecasts to ensure it has sufficient funds to fulfil its obligations. It is management's opinion that the Conservancy has raised sufficient funds and has the assets required to settle its obligations as they become due and does not anticipate the need to liquidate any long-term investments or utilize reserve funds.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Conservancy to cash flow interest rate risk. The Conservancy is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Conservancy through the use of an investment portfolio manager and the construction of an investment portfolio comprised of equity and fixed yield securities with varying maturity and interest rates. Additional details regarding the Conservancy's investments are included in Note 3. Management believes that there has been no significant change in the interest rate risk exposure related to its financial assets and that the Conservancy has sufficient resources to mitigate the interest rate risk associated with its financial liabilities.

(c) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The Conservancy is exposed to price risk through its investments in quoted active markets. There has been no change to the risk exposure from 2024.

It is management's opinion that the Conservancy is not exposed to significant currency, credit, foreign exchange, or concentration risk.