

Financial Statements of

**FRIENDS OF THE  
GREENBELT FOUNDATION**

Period from March 29, 2005 to March 31, 2006



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## AUDITORS' REPORT

To the Members of Friends of the Greenbelt Foundation

We have audited the statement of financial position of Friends of the Greenbelt Foundation as at March 31, 2006 and the statements of revenue and expenditures and fund balance and cash flows for the period from March 29, 2005 to March 31, 2006. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Toronto, Canada

May 25, 2006

# FRIENDS OF THE GREENBELT FOUNDATION

(Incorporated as a corporation without share capital under the laws of Ontario)

## Statement of Financial Position

March 31, 2006

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### Assets

Cash	\$	36,027
Investments (note 2)		23,859,110
Prepaid expenses		6,424
Accounts receivable		66,985
Capital assets (note 3)		21,565
		<hr/>
	\$	23,990,111

### Liabilities and Fund Balance

Liabilities:		
Accounts payable and accrued liabilities	\$	88,259
Fund balance		23,901,852
Commitments (note 5)		
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	\$	23,990,111

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Revenue and Expenditures and Fund Balance

Period from March 29, 2005 to March 31, 2006

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Revenue:	
Investment	\$ 1,037,617
Expenditures:	
Public awareness	1,769,586
Salaries and benefits	184,523
Investment management fees	53,328
Consulting fees	37,772
Professional fees	35,578
Office and general	30,073
Rent	14,498
Amortization	4,060
Travel	3,741
Insurance	2,606
	<hr/> 2,135,765
Deficiency of revenue over expenditures	(1,098,148)
Fund balance, beginning of period	-
Contribution from the Ministry of Municipal Affairs and Housing	25,000,000
Fund balance, end of period	<hr/> \$ 23,901,852

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Cash Flows

Period from March 29, 2005 to March 31, 2006

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Cash provided by (used in):

Operations:

Deficiency of revenue over expenditures	\$ (1,098,148)
Items not involving cash:	
Amortization of capital assets	4,060
Unrealized loss on investments	491,605
Change in non-cash operating items:	
Prepaid expenses	(6,424)
Accounts receivable	(66,985)
Accounts payable and accrued liabilities	88,259
	<hr/> (587,633)

Financing:

Contribution to fund balance	25,000,000
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Investments:

Increase in investments	(24,350,715)
Addition to capital assets	(25,625)
	<hr/> (24,376,340)

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Cash, end of period	\$ 36,027
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See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

## Notes to Financial Statements

Period from March 29, 2005 to March 31, 2006

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The Friends of the Greenbelt Foundation (the "Foundation") was incorporated without share capital on March 29, 2005. These financial statements cover the period from March 29, 2005 to March 31, 2006 and represents the start-up phase of the Foundation. The Foundation's mission is to nurture and support activities that preserve and enhance the Greenbelt's agricultural, rural and ecological integrity. Public awareness and appreciation of the Greenbelt is also an important element of the Foundation's work. The Foundation is registered as a public foundation under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

A contribution of \$25,000,000 was received from the provincial government in order to enable the Foundation to carry out its charitable and public initiatives. The Foundation decided to spend down its contribution over a period of five years with initial grants to be made in June 2006.

### 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

#### (a) Revenue recognition:

Investment income is recorded on an accrual basis and includes interest income and net unrealized gain/loss. Realized gains are recorded at the time of disposal.

#### (b) Investments:

Investments are classified as held for trading and stated at market value. The change in the difference between the market value and cost of investments at the beginning and end of each period is reflected in the statement of revenue and expenditures.

Fair values of investments are determined as follows:

Short-term certificates are stated at cost, which together with accrued interest income approximates their fair value given the short-term nature of these investments.

Fixed income securities and equities are valued at period-end market prices.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Period from March 29, 2005 to March 31, 2006

## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are stated at cost. All assets over \$1,000 are capitalized. Amortization is provided on the following annual rates:

Asset	Basis	Rate
Computer equipment	Declining balance	33.33%
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Leasehold improvements	Straight line	20%

### (d) 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 revenue and expenses during the period. Actual results could differ from those estimates.

## 2. Investments:

	Cost	Market
McLean Budden Fixed Income Fund	\$ 18,485,069	\$ 17,655,110
McLean Budden Canadian Equity Value Fund	2,338,593	2,502,746
McLean Budden Global Equity Value Fund	3,503,656	3,626,254
Term deposit	75,000	75,000
	<u>\$ 24,402,318</u>	<u>\$ 23,859,110</u>

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Period from March 29, 2005 to March 31, 2006

### 3. Capital assets:

	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 11,431	\$ 1,715	\$ 9,716
Furniture and fixtures	1,446	145	1,301
Office equipment	3,486	349	3,137
Leasehold improvements	9,263	1,852	7,411
	<u>\$ 25,626</u>	<u>\$ 4,061</u>	<u>\$ 21,565</u>

### 4. Financial instruments:

The carrying values of cash, investments, accounts receivable and accounts payable and accrued liabilities approximate their fair values because of the relatively short period to maturity of the instruments.

### 5. Commitments:

The Foundation is committed to payments under operating leases for office rent as follows:

2007	\$ 33,000
2008	34,000
2009	34,000
2010	35,000
2011	18,000
	<u>\$ 154,000</u>