

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

Year ended March 31, 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of Friends of the Greenbelt Foundation

We have audited the accompanying financial statements of Friends of the Greenbelt Foundation, which comprise the statement of financial position as at March 31, 2012, the statements of operations, changes in fund balance and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Friends of the Greenbelt Foundation as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

July 6, 2012
Toronto, Canada

FRIENDS OF THE GREENBELT FOUNDATION

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

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

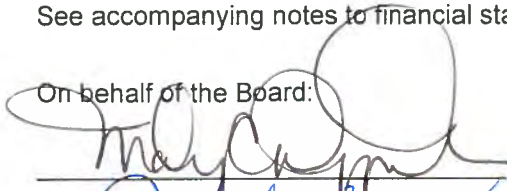
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 345,522	\$ 345,599
Short-term investments (note 2)	18,825,302	1,709,054
Accounts receivable (note 3)	214,436	111,419
Prepaid expenses	70,429	19,755
	19,455,689	2,185,827
Capital assets (note 4)	53,534	15,996
	\$ 19,509,223	\$ 2,201,823

Liabilities and Fund Balance

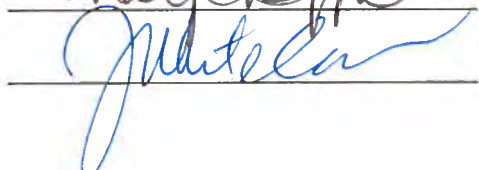
Current liabilities:		
Accounts payable and accrued liabilities	\$ 39,308	\$ 139,071
Grants payable	32,300	104,000
Deferred revenue	–	30,000
	71,608	273,071
Fund balance:		
Internally restricted funds (note 5)	1,747,910	–
Unrestricted	17,689,705	1,928,752
	19,437,615	1,928,752
Commitments (note 6)		
	\$ 19,509,223	\$ 2,201,823

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Province of Ontario - Ministry of Municipal Affairs and Housing	\$ 20,000,000	\$ -
Investment	290,398	52,196
Program funding	572,500	290,000
Fundraising and other	45,453	128,129
	<u>20,908,351</u>	<u>470,325</u>
Expenditures:		
Public awareness (note 3)	1,429,417	906,523
Salaries and benefits (note 3)	746,782	751,948
Grants	716,478	1,212,235
Research	209,462	191,504
Office and general (note 3)	120,539	91,226
Rent (note 3)	53,602	58,655
Professional fees	48,273	55,078
Amortization	35,953	13,123
Consulting fees (note 3)	17,557	1,032
Insurance	10,811	6,681
Travel (note 3)	10,614	10,777
	<u>3,399,488</u>	<u>3,298,782</u>
<u>Excess (deficiency) of revenue over expenditures</u>	<u>\$ 17,508,863</u>	<u>\$ (2,828,457)</u>

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Changes in Fund Balance

Year ended March 31, 2012, with comparative figures for 2011

	2012			2011	
	Internally restricted	Unrestricted	Total	Total	
Fund balance, beginning of year	\$ -	\$ 1,928,752	\$ 1,928,752	\$ 4,757,209	
Excess (deficiency) of revenue over expenditures	-	17,508,863	17,508,863	(2,828,457)	
Internally imposed restrictions (note 5)	1,747,910	(1,747,910)	-	-	
Fund balance, end of year	\$ 1,747,910	\$ 17,689,705	\$ 19,437,615	\$ 1,928,752	

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ 17,508,863	\$ (2,828,457)
Amortization which does not involve cash	35,953	13,123
Change in non-cash operating working capital:		
Accounts receivable	(103,017)	(69,060)
Prepaid expenses	(50,674)	3,219
Accounts payable and accrued liabilities	(99,763)	19,256
Grants payable	(71,700)	(396,200)
Deferred revenue	(30,000)	10,000
	17,189,662	(3,248,119)
Investing activities:		
Redemption of short-term investments	4,114,574	5,000,000
Purchase of short-term investments	(21,230,822)	(1,700,000)
Purchase of capital assets	(73,491)	(6,256)
	(17,189,739)	3,293,744
Increase (decrease) in cash and cash equivalents	(77)	45,625
Cash and cash equivalents, beginning of year	345,599	299,974
Cash and cash equivalents, end of year	\$ 345,522	\$ 345,599
Supplemental cash flow information:		
Interest received	\$ 29,488	\$ 65,934

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

The Friends of the Greenbelt Foundation (the "Foundation") was incorporated without share capital on March 29, 2005. 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 grant its contribution over a period of five years, with grants commencing in fiscal 2006/2007. In April 2010, a decision was made to extend the period to March 31, 2012.

During the year ended March 31, 2012, a contribution of \$20,000,000 was received from the Ministry of Municipal Affairs and Housing. The Foundation received \$572,500 (2011 - \$290,000) from the Ontario Ministry of Agriculture, Food and Rural Affairs for fiscal 2011 - 2012. These funds are to be used for producing Local Food Champion reports and Building the Ontariofresh.ca website.

The Greenbelt Fund (the "Fund") was incorporated by Letters Patent without share capital on June 30, 2010. The Fund is a not-for-profit organization under the Income Tax Act (Canada), set up to: (a) preserve, protect and restore the environment and agricultural integrity of the Greenbelt Area as defined in the Greenbelt Act, 2005 (Ontario) and the regulations thereunder (the "Greenbelt"); (b) make grants to and support organizations in the Greenbelt for the purpose of promoting agriculture and viticulture in the Greenbelt; (c) conduct non-partisan political advocacy in respect of the Greenbelt; and such other complementary purposes not inconsistent with the Fund's objectives. The Foundation has the ability to control the Fund by virtue of common membership in the Boards of Directors of the two organizations.

1. Significant accounting policies:

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

(a) Revenue recognition:

Government funding is recognized as revenue when received.

Investment income is recorded on an accrual basis and includes interest income.

Fundraising revenue received in advance of the event is deferred in current liabilities until the event takes place.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(b) Financial instruments:

The Foundation accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles. The Foundation has adopted The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges.

In accordance with the Canadian generally accepted accounting principles, the Company has undertaken the following:

- (i) Designated cash and cash equivalents as held-for-trading, being measured at fair value.

Cash and cash equivalents include cash on account and investments in money market instruments and term deposits with original maturities of less than 90 days at the date of the acquisition.

- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities and grants payable are classified as other financial liabilities, which are measured at amortized cost.
- (iv) Short-term investments are classified as held-for-trading and carried at market value. Short-term investments consist of term deposits maturing within a year, the fair value of which represents cost plus accrued interest income, given the short-term nature of those investments.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at cost. All assets over \$1,500 are capitalized. Amortization is provided on a straight-line basis as follows:

Computer hardware and software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	Term of lease

(d) Allocation of expenditures:

The Foundation does not classify expenditures by function and does not allocate expenditures between functions on the statement of operations.

(e) 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 expenditures during the year. Actual results could differ from those estimates.

2. Investments:

Short-term investments include term deposits with interest rates ranging from 1.5% to 1.85% (2011 - 1.80%) with maturity dates between June 24, 2012 and December 14, 2012 (2011 - December 13, 2011).

The Foundation does not enter into any derivative arrangements for hedging or speculative purposes.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

3. Greenbelt Fund:

Included in public awareness is \$19,781 (2011 - \$3,860); in salaries and benefits \$115,160 (2011 - \$66,706); in consulting fees nil (2011 - \$47,363); in office and general \$4,377 (2011 - \$5,510); in rent \$12,000 (2011 - \$8,000) and in travel expense \$573 (2011 - \$139), respectively, of reimbursements received by the Foundation from the Fund for the use of the shared resources of the Fund. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable include an amount of nil (2011 - \$33,106) due from the Fund.

A summary of the financial information for the Fund as at March 31 is as follows:

	2012	2011
Total assets	\$ 1,547,786	\$ 891,267
Total liabilities	1,539,056	896,296
Fund excess (deficit)	\$ 8,730	\$ (5,029)

A summary of the financial information for the Fund for the period from June 30, 2010 to March 31, 2011 and April 1, 2011 to March 31, 2012 is as follows:

	2012	2011
Revenue	\$ 3,022,921	\$ 1,671,362
Expenditures	3,009,162	1,676,391
Excess of revenue over expenditures (expenditures over revenue)	\$ 13,759	\$ (5,029)

	2012	2011
Cash provided by (used in):		
Operating activities	\$ 654,186	\$ 875,883
Investing activities	(656,637)	(300,134)

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

4. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 49,344	\$ 48,397	\$ 947	\$ 9,652
Computer software	12,904	5,642	7,262	–
Furniture and fixtures	4,279	3,718	561	1,417
Office equipment	3,486	3,486	–	–
Vehicles	18,142	18,142	–	4,927
Leasehold improvements	54,938	10,174	44,764	–
	\$ 143,093	\$ 89,559	\$ 53,534	\$ 15,996

5. Internally restricted funds:

The Board of Directors has set aside the remaining amounts from the first \$25,000,000 grant from the Ontario government. The purpose of this restricted fund is to undertake activities in line with the Foundation's charitable purposes but only after the recent \$20,000,000 contribution from the Ministry of Municipal Affairs and Housing runs out.

6. Commitments:

(a) Grant payments:

The Foundation is committed to grant payments of:

2013	\$ 610,000
2014	32,500

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

6. Commitments (continued):

(b) Lease commitments:

The Foundation is committed to rental payments for its leased premises as follows:

2013	\$	64,000
2014		59,000
2015		73,000
2016		74,000
2017		69,000
	\$	339,000

7. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.