

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

Years ended March 31, 2013 and 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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

July 17, 2013
Toronto, Canada

FRIENDS OF THE GREENBELT FOUNDATION

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

Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and cash equivalents	\$ 127,075	\$ 345,522	\$ 345,599
Short-term investments (note 2)	5,506,454	18,825,302	1,709,054
Accounts receivable (note 3)	242,931	214,436	111,419
Prepaid expenses	9,605	70,429	19,755
	<u>5,886,065</u>	<u>19,455,689</u>	<u>2,185,827</u>
Long-term investments (note 2)	11,387,425	–	–
Capital assets (note 4)	57,081	53,534	15,996
	<u>\$ 17,330,571</u>	<u>\$ 19,509,223</u>	<u>\$ 2,201,823</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 49,487	\$ 39,308	\$ 139,071
Grants payable	34,500	32,300	104,000
Deferred revenue	233,408	–	30,000
	<u>317,395</u>	<u>71,608</u>	<u>273,071</u>
Fund balances:			
Internally restricted funds (note 5)	2,183,184	1,747,910	–
Unrestricted	14,829,992	17,689,705	1,928,752
	<u>17,013,176</u>	<u>19,437,615</u>	<u>1,928,752</u>
Commitments (note 6)			
	<u>\$ 17,330,571</u>	<u>\$ 19,509,223</u>	<u>\$ 2,201,823</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

FRIENDS OF THE GREENBELT FOUNDATION

Statements of Operations

Years ended March 31, 2013 and 2012

	2013	2012
Revenue:		
Province of Ontario - Ministry of Municipal Affairs and Housing	\$ –	\$ 20,000,000
Investment	303,740	290,398
Program funding	–	572,500
Fundraising and other	298,576	45,453
	<u>602,316</u>	<u>20,908,351</u>
Expenditures:		
Public awareness (note 3)	570,413	1,429,417
Salaries and benefits (note 3)	670,921	746,782
Grants (note 3)	1,384,255	716,478
Research	120,235	209,462
Office and general (note 3)	107,870	120,539
Rent (note 3)	54,392	53,602
Professional fees	50,479	48,273
Amortization	20,855	35,953
Consulting fees	29,546	17,557
Insurance	5,244	10,811
Travel (note 3)	12,545	10,614
	<u>3,026,755</u>	<u>3,399,488</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (2,424,439)</u>	<u>\$ 17,508,863</u>

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statements of Changes in Fund Balances

Years ended March 31, 2013 and 2012

2013	Internally restricted	Unrestricted	Total
Fund balances, beginning of year	\$ 1,747,910	\$ 17,689,705	\$ 19,437,615
Deficiency of revenue over expenditures	–	(2,424,439)	(2,424,439)
Internally imposed restrictions (note 5)	435,274	(435,274)	–
Fund balances, end of year	\$ 2,183,184	\$ 14,829,992	\$ 17,013,176

2012	Internally restricted	Unrestricted	Total
Fund balances, beginning of year	\$ –	\$ 1,928,752	\$ 1,928,752
Excess of revenue over expenditures	–	17,508,863	17,508,863
Internally imposed restrictions (note 5)	1,747,910	(1,747,910)	–
Fund balances, end of year	\$ 1,747,910	\$ 17,689,705	\$ 19,437,615

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ (2,424,439)	\$ 17,508,863
Items not involving cash:		
Amortization	20,855	35,953
Unrealized gain on fair value of short-term and long-term investments	(14,747)	—
Change in non-cash operating working capital:		
Accounts receivable	(28,495)	(103,017)
Prepaid expenses	60,824	(50,674)
Accounts payable and accrued liabilities	10,179	(99,763)
Grants payable	2,200	(71,700)
Deferred revenue	233,408	(30,000)
	(2,140,215)	17,189,662
Investing activities:		
Redemption of short-term investments	38,705,302	4,114,574
Purchase of short-term investments	(25,386,454)	(21,230,822)
Purchase of long-term investments	(11,372,678)	—
Purchase of capital assets	(24,402)	(73,491)
	1,921,768	(17,189,739)
Decrease in cash and cash equivalents	(218,447)	(77)
Cash and cash equivalents, beginning of year	345,522	345,599
Cash and cash equivalents, end of year	\$ 127,075	\$ 345,522

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 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.

During the year end March 31, 2013, the Foundation received nil (2012 - \$572,500) from the Ontario Ministry of Agriculture, Food and Rural Affairs for fiscal 2012 - 2013. These funds were used for producing Local Food Champion reports and building the Ontariofresh.ca website.

On April 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' Handbook ("not-for-profit standards"). These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to fund balances as at April 1, 2011 or excess of revenue over expenditures for the year ended March 31, 2012 as a result of the transition to not-for-profit standards.

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.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with not-for-profit standards. The significant accounting policies are as follows:

(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.

(b) Cash and cash equivalents:

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.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) 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

(e) Allocation of expenditures:

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

(f) 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 dates of the financial statements and the reported amounts of revenue and expenditures during the years. Amounts subject to significant estimates and assumptions include the carrying value of capital assets. Actual results could differ from those estimates.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Investments:

Short-term investments include term deposits with maturities of one year or less from the date of acquisition, with interest rates ranging from 1.16% to 1.85% (March 31, 2012 - 1.50% to 1.85%; April 1, 2011 - 1.80%) with maturity dates between June 25, 2013 and March 15, 2014 (March 31, 2012 - maturity dates between June 24, 2012 and December 14, 2012; April 1, 2011 - maturity date of December 13, 2011).

Long-term investments include term deposits with maturities of one year or more from the date of acquisition, with interest rates ranging from 0.99% to 2.32% (March 31, 2012 - nil; April 1, 2011 - nil) with maturity dates between October 3, 2014 and June 2, 2018 (March 31, 2012 - nil; April 1, 2011 - nil).

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

3. Greenbelt Fund:

Included in public awareness is \$169 (2012 - \$19,781); in salaries and benefits \$237,591 (2012 - \$115,160) in office and general \$4,157 (2012 - \$4,377); in rent \$12,000 (2012 - \$12,000) and in travel expense nil (2012 - \$573), respectively, of reimbursements received by the Foundation from the Fund for the use of the shared resources of the Fund.

Accounts receivable includes an amount of \$64,362 (March 31, 2012 - nil; April 1, 2011 - \$33,106) due from the Fund.

During the year, the Foundation advanced the Fund \$75,000 which is recorded in grants expenditures.

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.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

3. Greenbelt Fund (continued):

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

	March 31, 2013	March 31, 2012	April 1, 2011
Total assets	\$ 348,044	\$ 1,292,516	\$ 891,267
Total liabilities	340,014	1,283,786	896,296
Fund excess (deficit)	\$ 8,030	\$ 8,730	\$ (5,029)

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

	2013	2012
Revenue	\$ 1,936,525	\$ 3,022,423
Expenditures	1,937,225	3,008,664
Excess (deficiency) of revenue over expenditures	\$ (700)	\$ 13,759
Cash provided by (used in):		
Operating activities	\$ (944,496)	\$ 398,916
Investing activities	955,287	(656,637)

4. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 49,344	\$ 49,344	\$ —
Computer software	12,904	9,939	2,965
Furniture and fixtures	4,279	4,279	—
Office equipment	3,486	3,486	—
Vehicles	24,401	4,062	20,339
Leasehold improvements	54,938	21,161	33,777
	\$ 149,352	\$ 92,271	\$ 57,081

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

4. Capital assets (continued):

March 31, 2012	Cost	Accumulated amortization	Net book value
Computer hardware	\$ 49,344	\$ 48,397	\$ 947
Computer software	12,904	5,642	7,262
Furniture and fixtures	4,279	3,718	561
Office equipment	3,486	3,486	—
Vehicles	18,142	18,142	—
Leasehold improvements	54,938	10,174	44,764
	<u>\$ 143,093</u>	<u>\$ 89,559</u>	<u>\$ 53,534</u>

April 1, 2011	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 43,695	\$ 34,043	\$ 9,652
Furniture and fixtures	4,279	2,862	1,417
Office equipment	3,486	3,486	—
Vehicles	18,142	13,215	4,927
Leasehold improvements	15,004	15,004	—
	<u>\$ 84,606</u>	<u>\$ 68,610</u>	<u>\$ 15,996</u>

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.

During the year, the Board of Directors approved the transfer of \$435,274 (2012 - \$1,747,910) from unrestricted to internally restricted fund balances.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

6. Commitments:

(a) Grant payments:

The Foundation is committed to grant payments of:

2014	\$ 300,980
2015	75,000
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	\$ 375,980

(b) Lease commitments:

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

2014	\$ 59,000
2015	73,000
2016	74,000
2017	69,000
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	\$ 275,000

7. Financial risks and risk management:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

7. Financial risks and risk management (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from 2012.

(c) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2. There has been no change to the risk exposure from 2012.