

Financial Statements of

**FRIENDS OF THE  
GREENBELT FOUNDATION**

Year ended March 31, 2011



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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, 2011, the statements of operations and 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, 2011, 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 15, 2011  
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, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 642,453	\$ 520,008
Short-term investments (note 2)	1,700,000	5,000,000
Accounts receivable (note 3)	120,473	51,413
Prepaid expenses	19,755	22,974
	<u>2,482,681</u>	<u>5,594,395</u>
Capital assets (note 4)	15,996	22,863
	<u>\$ 2,498,677</u>	<u>\$ 5,617,258</u>

## Liabilities and Fund Balance

Current liabilities:		
Unpresented cheques	\$ 296,854	\$ 220,034
Accounts payable and accrued liabilities	139,071	119,815
Grants payable	104,000	500,200
Deferred revenue	30,000	20,000
	<u>569,925</u>	<u>860,049</u>
Fund balance	1,928,752	4,757,209
Commitments (note 5)		
Subsequent event (note 6)		
	<u>\$ 2,498,677</u>	<u>\$ 5,617,258</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Operations and Changes in Fund Balance

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Investment	\$ 52,196	\$ 217,813
Program funding	290,000	—
Other	128,129	113,380
	<u>470,325</u>	<u>331,193</u>
Expenditures:		
Grants	1,212,235	1,988,700
Public awareness (note 3)	906,523	632,517
Salaries and benefits (note 3)	751,948	848,876
Consulting fees (note 3)	192,536	115,191
Office and general (note 3)	91,226	86,558
Rent (note 3)	58,655	40,116
Professional fees	55,078	60,176
Amortization	13,123	12,911
Travel (note 3)	10,777	10,849
Insurance	6,681	3,599
	<u>3,298,782</u>	<u>3,799,493</u>
Deficiency of revenue over expenditures	(2,828,457)	(3,468,300)
Fund balance, beginning of year	4,757,209	8,225,509
Fund balance, end of year	<u>\$ 1,928,752</u>	<u>\$ 4,757,209</u>

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (2,828,457)	\$ (3,468,300)
Items not involving cash:		
Amortization	13,123	12,911
Loss on disposal of capital assets	—	2,176
Change in non-cash operating working capital:		
Accounts receivable	(69,060)	108,213
Prepaid expenses	3,219	(16,213)
Unpresented cheques	76,820	(608,445)
Accounts payable and accrued liabilities	19,256	60,782
Grants payable	(396,200)	(118,800)
Deferred revenue	10,000	20,000
	<u>(3,171,299)</u>	<u>(4,007,676)</u>
Investing activities:		
Redemption of short-term investments	5,000,000	9,000,000
Purchase of short-term investments	(1,700,000)	(5,000,000)
Purchase of capital assets	(6,256)	(7,795)
	<u>3,293,744</u>	<u>3,992,205</u>
Increase (decrease) in cash and cash equivalents	122,445	(15,471)
Cash and cash equivalents, beginning of year	520,008	535,479
Cash and cash equivalents, end of year	<u>\$ 642,453</u>	<u>\$ 520,008</u>
Supplemental cash flow information:		
Interest received	\$ 65,934	\$ 317,759

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2011

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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, a contribution of \$290,000 was received from the Ontario Ministry of Agriculture, Food and Rural Affairs ("OMAFRA") in order to enable the Foundation to carry out its project objectives as defined in the agreement. These funds are to be used for producing Local Food Champion reports and Building the Ontariofresh.ca website. Subject to the terms and conditions of the agreement, OMAFRA shall provide funding in the amount up to the maximum of \$572,500 for fiscal 2011-2012.

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 to 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 the 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:

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

Funding 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, 2011

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## 1. Significant accounting policies (continued):

### (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 acquisition.

### (c) Investments:

The Foundation has adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation ("Section 3861"), and Section 3865, Hedges.

In accordance with these standards, investments are classified as held-for-trading and carried at market value.

Term deposits maturing within a year are stated at cost, which together with accrued interest income, approximates fair value given the short-term nature of these investments.

### (d) Capital assets:

Capital assets are stated at cost. All assets over \$1,000 are capitalized. Amortization is provided on a straight-line basis as follows:

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

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### (e) Allocation of expenditures:

The Foundation does not classify expenditures by function on the statement of operations and changes in fund balance. The Foundation does not allocate expenses between functions on the statement of operations and changes in fund balance.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

(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 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:

	2011		2010	
	Book value	Market value	Book value	Market value
Short-term investments	\$ 1,700,000	\$ 1,700,000	\$ 5,000,000	\$ 5,000,000

Short-term investments include term deposits with an interest rate of 1.80% maturing on December 13, 2011 (2010 - 1.35% to 1.50% maturing on December 3, 2010).

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

## 3. Greenbelt Fund:

Included in public awareness is \$3,860 (2009 - nil); in salaries and benefits is \$66,706 (2009 - nil); in consulting fees is \$47,363 (2009 - nil); in office and general is \$5,510 (2009 - nil); in rent is \$8,000 (2009 - nil) and included in travel expense is \$139 (2009 - nil), 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 includes an amount of \$33,106 due from the Fund.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2011

### 3. Greenbelt Fund (continued):

A summary of the financial information for the Fund for the year ended March 31, 2011 is as follows:

Total assets	\$ 891,267
Total liabilities	896,296
Fund deficit	\$ (5,029)

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

Revenue	\$ 1,671,362
Expenditures	1,676,391
Excess of expenditures over revenue, being the fund deficit, end of period	\$ (5,029)

Cash provided by (used in):	
Operating activities	\$ 875,883
Financing activities	(300,134)

### 4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 43,695	\$ 34,043	\$ 9,652	\$ 10,183
Furniture and fixtures	4,279	2,862	1,417	1,983
Office equipment	3,486	3,486	-	406
Vehicles	18,142	13,215	4,927	7,392
Leasehold improvements	15,004	15,004	-	2,899
	\$ 84,606	\$ 68,610	\$ 15,996	\$ 22,863

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2011

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**5. Commitments:**

The Foundation is committed to grant payments of \$87,300 for 2012.

**6. Subsequent event:**

Subsequent to year end, the Foundation signed an agreement with The Ministry of Municipal Affairs and Housing effective June 10, 2011 to receive an amount of \$20,000,000 to carry out its charitable initiatives. This funding has been received subsequent to year end.