

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Friends of the Greenbelt Foundation

Opinion

We have audited the financial statements of Friends of the Greenbelt Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 11, 2019

FRIENDS OF THE GREENBELT FOUNDATION

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

Statement of Financial Position

March 31, 2019, with comparative information for 2018

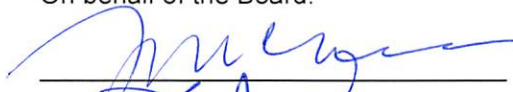
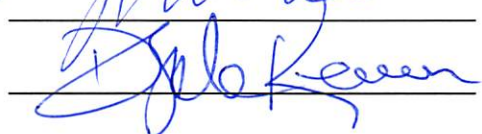
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 298,826	\$ 2,811,751
Short-term investments (note 2)	1,830,388	—
Accounts receivable (note 3)	979,787	123,852
Prepaid expenses	30,832	22,098
	<u>3,139,833</u>	<u>2,957,701</u>
Long-term investments (note 2)	—	1,561,934
Capital assets (note 5)	9,266	3,715
	<u>\$ 3,149,099</u>	<u>\$ 4,523,350</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 382,711	\$ 102,091
Grants payable	106,488	76,282
Deferred revenue (note 4)	43,688	1,584,099
	<u>532,887</u>	<u>1,762,472</u>
Fund balances:		
Internally restricted funds (note 6)	2,626,466	2,792,564
Unrestricted	(10,254)	(31,686)
	<u>2,616,212</u>	<u>2,760,878</u>
Commitments (note 7)		
	<u>\$ 3,149,099</u>	<u>\$ 4,523,350</u>

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Province of Ontario (note 4)	\$ 4,205,236	\$ 466,398
Investment	38,251	71,714
Fundraising and other	61,995	36,998
	<u>4,305,482</u>	<u>575,110</u>
Expenditures:		
Program activities:		
Grants	1,478,661	584,650
Awareness and education	979,524	659,471
Research and policy	703,262	372,324
Community programs	606,621	450,571
	<u>3,768,068</u>	<u>2,067,016</u>
Supporting activities:		
Management and general	552,913	474,147
Fundraising, business development	129,167	16,890
	<u>682,080</u>	<u>491,037</u>
	<u>4,450,148</u>	<u>2,558,053</u>
Deficiency of revenue over expenditures	\$ (144,666)	\$ (1,982,943)

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

			2019	2018
	Internally restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 2,792,564	\$ (31,686)	\$ 2,760,878	\$ 4,743,821
Deficiency of revenue over expenditures	—	(144,666)	(144,666)	(1,982,943)
Internally imposed restrictions (note 6)	(166,098)	166,098	—	—
Fund balances, end of year	\$ 2,626,466	\$ (10,254)	\$ 2,616,212	\$ 2,760,878

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (144,666)	\$ (1,982,943)
Items not involving cash:		
Amortization	4,875	2,338
Unrealized loss on fair value of short-term and long-term investments	—	3,451
Change in non-cash operating working capital:		
Accounts receivable	(855,935)	(33,586)
Prepaid expenses	(8,734)	(3,840)
Accounts payable and accrued liabilities	280,620	(180,390)
Grants payable	30,206	7,525
Deferred revenue	(1,540,411)	1,584,099
	(2,234,045)	(603,346)
Investing activities:		
Redemption of investments	3,561,891	6,300,103
Purchase of investments	(3,830,345)	(3,069,005)
Purchase of capital assets	(10,426)	(5,091)
	(278,880)	3,226,007
Increase (decrease) in cash and cash equivalents	(2,512,925)	2,622,661
Cash and cash equivalents, beginning of year	2,811,751	189,090
Cash and cash equivalents, end of year	\$ 298,826	\$ 2,811,751

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2019

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.

During the year ended March 31, 2012, a contribution of \$20,000,000 was received from the Ministry of Municipal Affairs and Housing. This contribution was received in order to support general program initiatives which ran from 2012 through 2018 and as the contribution was restricted to specific initiatives it was recognized as revenue in full when it was received. The use of these funds in subsequent periods has contributed to periods in which the total expenditures of the Foundation exceeded the total revenues.

On January 1, 2018, the Foundation signed a transfer payment agreement with the Ministry of Environment and Climate Change (the "MOECC") for a total maximum program funding contribution of \$12,000,000 to enable the Foundation to carry out its program initiatives. Program funding is receivable in \$4,000,000 tranches over the term of the agreement in calendar year 2018, 2019 and 2020. During fiscal 2019, \$1,943,669 was received from the MOECC (note 4).

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 agricultural integrity and the environment of the Greenbelt and Ontario; (b) make grants to and support organizations for the purpose of promoting agriculture and viticulture in the Greenbelt and Ontario; (c) conduct non-partisan political advocacy in respect of the Greenbelt, agriculture, planning and the environment and such other complimentary purposes not inconsistent with these objects. 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 accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue recognition:

Program funding for expenditures of the current year is recognized as revenue when received. Program funding received for expenditures of future years is deferred and recognized as revenue in the same year as the related expenditures are recognized.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

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

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

(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.

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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from financial instruments.

(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 allocates salaries and wages expense (note 3) proportionately on a predetermined basis and applies that basis consistently each year. Salaries and wages expense of \$1,441,206 (2018 - \$1,192,347) have been allocated as follows:

	2019	2018
Grants	\$ 301,642	\$ 156,975
Awareness and education	413,709	406,122
Research and policy	362,155	300,890
Community programs	190,814	132,058
Management and general	172,886	196,302

(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. Amounts subject to significant estimates and assumptions include the carrying value of capital assets and allocation of expenses. Actual results could differ from those estimates.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. Investments:

In 2019, short-term investments included \$750,000 term deposits with maturities of one year or less from the date of acquisition, with interest rates of 2.7% and with a maturity date on January 3, 2020.

As at March 31, 2019, short-term investments included \$1,080,388 investment in Canadian money market mutual funds, with interest rate of 1.6%.

In 2018, long-term investments included term deposits with maturities of one year or more from the date of acquisition, with interest rates ranging from 2.58% to 5.53% with maturity dates between April 13, 2017 and June 2, 2018. As at March 31, 2018, long-term investments included a strip bond which matured on June 2, 2018.

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

3. Greenbelt Fund:

Related party transaction reimbursements consisted of amounts included in salaries and benefits of \$28,532 (2018 - \$38,124), travel costs \$2,404 (2018 - nil) and awareness and education expenses \$3,102 (2018 - nil), representing reimbursements received by the Fund from the Foundation.

Related party transactions consisted of amounts included in salaries and benefits of \$9,569 (2018 - nil), legal fees of \$572 (2018 - nil) and occupancy costs of \$31,621 (2018 - nil), representing expenditures paid by the Fund to the Foundation.

Accounts payable and accrued liabilities include an amount of \$565 (2018 - accounts payable and accrued liabilities - \$8,699) due to the Fund.

Accounts receivables include an amount \$40,579 (2018 - nil) due from 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.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

3. Greenbelt Fund (continued):

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

	2019	2018
Total assets	\$ 502,485	\$ 2,037,279
Total liabilities	440,003	2,024,010
Fund excess	\$ 62,482	\$ 13,269

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

	2019	2018
Revenue	\$ 4,098,332	\$ 3,169,843
Expenditures	4,049,119	3,203,494
Excess (deficiency) of revenue over expenditures	\$ 49,213	\$ (33,651)
Cash provided by (used in):		
Operating activities	\$ (1,592,640)	\$ (223,155)
Investing activities	1,658,638	(408,638)

4. Deferred revenue:

During fiscal 2019, the Foundation received \$1,943,669 (2018 - \$2,050,497) as per transfer payment agreement with MOECC. The Foundation recognized \$3,527,768 as revenue, based on the eligible expenditures incurred in the current fiscal year.

In fiscal 2019, the Foundation received \$50,000 from the Salamander Foundation as funding for a project that it has with the Municipal Natural Assets Initiative. The Foundation recognized \$6,312 as revenue, based on the eligible expenditures incurred in the current fiscal year. The remaining \$43,688 has been deferred as at March 31, 2019, related to funding for expenditures of the next fiscal year.

	2019	2018
Balance, beginning of year	\$ 1,584,099	\$ -
Amounts received	1,993,669	2,050,497
Less amounts recognized as revenue	(3,534,080)	(466,398)
Balance, end of year	\$ 43,688	\$ 1,584,099

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

5. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware and software	\$ 10,401	\$ 6,767	\$ 3,634	\$ 3,715
Furniture and fixtures	4,279	4,279	—	—
Office equipment	16,773	11,141	5,632	—
Vehicles	24,401	24,401	—	—
Leasehold improvements	54,938	54,938	—	—
	\$ 110,792	\$ 101,526	\$ 9,266	\$ 3,715

6. Internally restricted funds:

Internally restricted funds are monies set aside by the Board of Directors to fund activities in line with the Foundation's charitable purposes.

During 2019, the Board of Directors approved and transferred \$166,098 from internally restricted funds to unrestricted funds balances.

7. Commitments:

(a) Lease commitments:

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

2020	\$ 120,000
2021	110,000

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

7. Commitments (continued):

(b) Grant payments:

The Foundation is committed to grant payments of:

2019	\$ 571,585
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(c) Program payments:

The Foundation is committed to program payments of:

2019	\$ 405,608
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8. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year