

Financial Statements of

**FRIENDS OF THE  
GREENBELT FOUNDATION**

Year ended March 31, 2014



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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, 2014, the statements of operations, changes in fund balances 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 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 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, 2014 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.

Chartered Professional Accountants, Licensed Public Accountants

July 8, 2014  
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, 2014, with comparative information for 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,929,101	\$ 127,075
Short-term investments (note 2)	1,314,501	5,506,454
Accounts receivable (note 3)	154,012	242,931
Prepaid expenses	9,058	9,605
	<u>3,406,672</u>	<u>5,886,065</u>
Long-term investments (note 2)	11,345,513	11,387,425
Capital assets (note 4)	41,966	57,081
	<u>\$ 14,794,151</u>	<u>\$ 17,330,571</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 88,479	\$ 49,487
Grants payable	241,730	34,500
Deferred revenue	52,500	233,408
	<u>382,709</u>	<u>317,395</u>
Fund balances:		
Internally restricted funds (note 5)	2,573,375	2,183,184
Unrestricted	11,838,067	14,829,992
	<u>14,411,442</u>	<u>17,013,176</u>
Commitments (note 6)		
	<u>\$ 14,794,151</u>	<u>\$ 17,330,571</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, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Investment	\$ 270,382	\$ 303,740
Program funding	196,908	—
Fundraising and other	7,847	298,576
	<u>475,137</u>	<u>602,316</u>
Expenditures:		
Grants (note 3)	1,301,730	1,384,255
Salaries and benefits (note 3)	933,785	670,921
Public awareness (note 3)	434,011	570,413
Research	146,756	120,235
Office and general (note 3)	111,391	107,870
Rent (note 3)	49,584	54,392
Travel (note 3)	26,299	12,545
Consulting fees (note 3)	24,189	29,546
Amortization	21,361	20,855
Professional fees	19,605	50,479
Insurance	8,160	5,244
	<u>3,076,871</u>	<u>3,026,755</u>
Deficiency of revenue over expenditures	\$ (2,601,734)	\$ (2,424,439)

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Changes in Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	2014			2013
	Internally restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 2,183,184	\$ 14,829,992	\$ 17,013,176	\$ 19,437,615
Deficiency of revenue over expenditures	–	(2,601,734)	(2,601,734)	(2,424,439)
Internally imposed restrictions (note 5)	390,191	(390,191)	–	–
Fund balances, end of year	\$ 2,573,375	\$ 11,838,067	\$ 14,411,442	\$ 17,013,176

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (2,601,734)	\$ (2,424,439)
Items not involving cash:		
Amortization	21,361	20,855
Unrealized loss (gain) on fair value of short-term and long-term investments	27,440	(14,747)
Change in non-cash operating working capital:		
Accounts receivable	88,919	(28,495)
Prepaid expenses	547	60,824
Accounts payable and accrued liabilities	38,992	10,179
Grants payable	207,230	2,200
Deferred revenue	(180,908)	233,408
	(2,398,153)	(2,140,215)
Investing activities:		
Redemption of investments	7,498,461	38,705,302
Purchase of investments	(3,292,036)	(36,759,132)
Purchase of capital assets	(6,246)	(24,402)
	4,200,179	1,921,768
Increase (decrease) in cash and cash equivalents	1,802,026	(218,447)
Cash and cash equivalents, beginning of year	127,075	345,522
Cash and cash equivalents, end of year	\$ 1,929,101	\$ 127,075

See accompanying notes to financial statements.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2014

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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.

During the year ended March 31, 2012, a contribution of \$20,000,000 was received from the Ministry of Municipal Affairs and Housing.

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 viniculture 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 not-for-profit standards. The significant accounting policies are as follows:

### (a) Revenue recognition:

Government funding is recognized as revenue when received.

Fundraising 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.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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

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



# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (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:

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Computer hardware and software	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 and does not allocate expenditures between functions on the statement 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 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. Actual results could differ from those estimates.

## 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 1.50% to 1.85% (2013 - 1.16% to 1.85%) with maturity dates between July 31, 2014 and November 20, 2014 (2013 - June 25, 2013 and March 15, 2014).

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 2. Investments (continued):

Long-term investments include term deposits with maturities of one year or more from the date of acquisition, with interest rates ranging from 1.00% to 5.53% (2013 - 0.99% to 2.32%) with maturity dates between February 1, 2015 and December 2, 2018 (2013 - October 3, 2014 and June 2, 2018).

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

## 3. Greenbelt Fund:

Included in public awareness is \$1,110 (2013 - \$169); in salaries and benefits \$131,483 (2013 - \$237,591) in office and general \$2,492 (2013 - \$4,157); in rent \$12,000 (2013 - \$12,000); in consulting fees \$585 (2013 - nil) and in travel expense \$1,515 (2013 - nil), 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 \$51,365 (2013 - \$64,362) due from the Fund.

During the year, the Foundation advanced the Fund \$117,100 (2013 - \$75,000), which is recorded in grant 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.

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

	2014	2013
Total assets	\$ 4,436,743	\$ 348,044
Total liabilities	4,391,839	340,014
Fund excess	\$ 44,904	\$ 8,030

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 3. Greenbelt Fund (continued):

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

	2014	2013
Revenue	\$ 1,368,672	\$ 1,936,525
Expenditures	1,331,798	1,937,225
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 36,874</b>	<b>\$ (700)</b>
Cash provided by (used in):		
Operating activities	\$ 3,985,816	\$ (944,496)
Investing activities	(3,650,000)	955,287

## 4. Capital assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 49,344	\$ 49,344	\$ –	\$ –
Computer software	12,904	12,904	–	2,965
Furniture and fixtures	4,279	4,279	–	–
Office equipment	9,733	4,809	4,924	–
Vehicles	24,401	10,835	13,566	20,339
Leasehold improvements	54,938	31,462	23,476	33,777
	<b>\$ 155,599</b>	<b>\$ 113,633</b>	<b>\$ 41,966</b>	<b>\$ 57,081</b>

## 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 \$390,191 (2013 - \$435,274) from unrestricted to internally restricted fund balances.

# FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 6. Commitments:

### (a) Grant payments:

The Foundation is committed to grant payments of:

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2015	\$	820,820
2016		226,980
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		\$ 1,047,800

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### (b) Lease commitments:

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

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2015	\$	73,000
2016		74,000
2017		69,000
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		\$ 216,000

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