

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

Year ended March 31, 2015



KPMG LLP
Yonge Corporate Centre
4100 Yonge Street Suite 200
Toronto ON M2P 2H3
Canada

Telephone (416) 228-7000
Fax (416) 228-7123
Internet www.kpmg.ca

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, 2015, 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, 2015 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, 2015
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, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 472,541	\$ 1,929,101
Short-term investments (note 2)	1,504,091	1,314,501
Accounts receivable (note 3)	238,411	154,012
Prepaid expenses	9,887	9,058
	<u>2,224,930</u>	<u>3,406,672</u>
Long-term investments (note 2)	9,130,068	11,345,513
Capital assets (note 4)	21,585	41,966
	<u>\$ 11,376,583</u>	<u>\$ 14,794,151</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 435,553	\$ 88,479
Grants payable	70,000	241,730
Deferred revenue	—	52,500
	<u>505,553</u>	<u>382,709</u>
Fund balances:		
Internally restricted funds (note 5)	2,944,087	2,573,375
Unrestricted	7,926,943	11,838,067
	<u>10,871,030</u>	<u>14,411,442</u>
Commitments (note 6)		
	<u>\$ 11,376,583</u>	<u>\$ 14,794,151</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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Investment	\$ 412,329	\$ 270,382
Program funding	117,688	196,908
Fundraising and other	38,737	7,847
	<u>568,754</u>	<u>475,137</u>
Expenditures:		
Grants (note 3)	1,491,730	1,301,730
Salaries and benefits (note 3)	1,326,232	933,785
Public awareness (note 3)	831,217	434,011
Research	154,320	146,756
Office and general (note 3)	131,150	111,391
Rent (note 3)	61,057	49,584
Consulting fees (note 3)	44,460	24,189
Professional fees	25,398	19,605
Amortization	20,381	21,361
Travel (note 3)	14,068	26,299
Insurance	9,153	8,160
	<u>4,109,166</u>	<u>3,076,871</u>
Deficiency of revenue over expenditures	\$ (3,540,412)	\$ (2,601,734)

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	2015			2014
	Internally restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 2,573,375	\$ 11,838,067	\$ 14,411,442	\$ 17,013,176
Deficiency of revenue over expenditures	–	(3,540,412)	(3,540,412)	(2,601,734)
Internally imposed restrictions (note 5)	370,712	(370,712)	–	–
Fund balances, end of year	\$ 2,944,087	\$ 7,926,943	\$ 10,871,030	\$ 14,411,442

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (3,540,412)	\$ (2,601,734)
Items not involving cash:		
Amortization	20,381	21,361
Unrealized loss (gain) on fair value of short-term and long-term investments	(118,560)	27,440
Change in non-cash operating working capital:		
Accounts receivable	(84,399)	88,919
Prepaid expenses	(829)	547
Accounts payable and accrued liabilities	347,074	38,992
Grants payable	(171,730)	207,230
Deferred revenue	(52,500)	(180,908)
	<u>(3,600,975)</u>	<u>(2,398,153)</u>
Investing activities:		
Redemption of investments	6,461,095	7,498,461
Purchase of investments	(4,316,680)	(3,292,036)
Purchase of capital assets	—	(6,246)
	<u>2,144,415</u>	<u>4,200,179</u>
Increase (decrease) in cash and cash equivalents	(1,456,560)	1,802,026
Cash and cash equivalents, beginning of year	1,929,101	127,075
Cash and cash equivalents, end of year	<u>\$ 472,541</u>	<u>\$ 1,929,101</u>

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2015

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

(a) Revenue recognition:

Program funding is recognized as revenue when received.

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.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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, 2015

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:

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 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 1.40% to 2.10% (2013 - 1.50% to 1.85%) with maturity dates between May 5, 2015 and February 3, 2016 (2014 - July 31, 2014 and November 20, 2014).

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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% (2014 - 1.00% to 5.53%) with maturity dates between September 16, 2015 and December 2, 2018 (2014 - February 1, 2015 and December 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 public awareness \$131 (2014 - \$1,110); in salaries and benefits \$110,894 (2014 - \$131,483) in office and general \$3,052 (2014 - \$2,492); in rent \$12,000 (2014 - \$12,000); in consulting fees nil (2014 - \$585) and in travel expense \$750 (2014 - \$1,515), representing reimbursements received by the Foundation from the Fund for the use of the shared resources of the Fund.

Accounts receivable includes an amount of \$76,065 (2014 - \$51,365) due from the Fund.

During the year, the Foundation advanced the Fund \$117,100 (2014 - \$117,100), 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:

	2015	2014
Total assets	\$ 380,487	\$ 4,436,743
Total liabilities	341,984	4,391,839
Fund excess	\$ 38,503	\$ 44,904

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

3. Greenbelt Fund (continued):

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

	2015	2014
Revenue	\$ 4,457,245	\$ 1,368,672
Expenditures	4,463,646	1,331,798
Excess (deficiency) of revenue over expenditures	\$ (6,401)	\$ 36,874
Cash provided by (used in):		
Operating activities	\$ (4,032,437)	\$ 3,985,816
Investing activities	3,532,290	(3,650,000)

4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 49,344	\$ 49,344	\$ –	\$ –
Computer software	12,904	12,904	–	–
Furniture and fixtures	4,279	4,279	–	–
Office equipment	9,733	6,755	2,978	4,924
Vehicles	24,401	18,969	5,432	13,566
Leasehold improvements	54,938	41,763	13,175	23,476
	\$ 155,599	\$ 134,014	\$ 21,585	\$ 41,966

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 \$370,712 (2014 - \$390,191) from unrestricted to internally restricted fund balances.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

6. Commitments:

(a) Grant payments:

The Foundation is committed to grant payments of:

2016	\$ 684,587
2017	15,640
	<hr/>
	\$ 700,227

(b) Lease commitments:

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

2016	\$ 81,000
2017	69,000
	<hr/>
	\$ 150,000
