

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

Year ended March 31, 2016



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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, 2016, 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.



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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, 2016 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 13, 2016
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, 2016, with comparative information for 2015


	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 154,088	\$ 472,541
Short-term investments (note 2)	2,256,195	1,504,091
Accounts receivable (note 3)	73,385	238,411
Prepaid expenses	24,422	9,887
	<u>2,508,090</u>	<u>2,224,930</u>
Long-term investments (note 2)	5,208,103	9,130,068
Capital assets (note 4)	5,508	21,585
	<u>\$ 7,721,701</u>	<u>\$ 11,376,583</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities	\$ 388,634	\$ 435,553
Grants payable	—	70,000
	<u>388,634</u>	<u>505,553</u>
Fund balances:		
Internally restricted funds (note 5)	2,753,857	2,944,087
Unrestricted	4,579,210	7,926,943
	<u>7,333,067</u>	<u>10,871,030</u>
Commitments (note 6)		
	<u>\$ 7,721,701</u>	<u>\$ 11,376,583</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, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Investment	\$ 92,580	\$ 412,329
Fundraising and other	41,506	38,737
Program funding	—	117,688
	<u>134,086</u>	<u>568,754</u>
Expenditures:		
Salaries and benefits (note 3)	1,562,423	1,326,232
Grants (note 3)	1,070,495	1,491,730
Public awareness (note 3)	633,104	831,217
Office and general (note 3)	112,180	131,150
Research	83,802	154,320
Rent (note 3)	78,689	61,057
Consulting fees	45,610	44,460
Travel (note 3)	31,114	14,068
Professional fees	28,037	25,398
Amortization	18,000	20,381
Insurance	8,595	9,153
	<u>3,672,049</u>	<u>4,109,166</u>
Deficiency of revenue over expenditures	\$ (3,537,963)	\$ (3,540,412)

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2016, with comparative information for 2015

			2016	2015
	Internally restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 2,944,087	\$ 7,926,943	\$ 10,871,030	\$ 14,411,442
Deficiency of revenue over expenditures	-	(3,537,963)	(3,537,963)	(3,540,412)
Internally imposed restrictions (note 5)	(190,230)	190,230	-	-
Fund balances, end of year	\$ 2,753,857	\$ 4,579,210	\$ 7,333,067	\$ 10,871,030

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (3,537,963)	\$ (3,540,412)
Items not involving cash:		
Amortization	18,000	20,381
Unrealized loss (gain) on fair value of short-term and long-term investments	169,918	(118,560)
Change in non-cash operating working capital:		
Accounts receivable	165,026	(84,399)
Prepaid expenses	(14,535)	(829)
Accounts payable and accrued liabilities	(46,919)	347,074
Grants payable	(70,000)	(171,730)
Deferred revenue	—	(52,500)
	<u>(3,316,473)</u>	<u>(3,600,975)</u>
Investing activities:		
Redemption of investments	5,799,943	6,461,095
Purchase of investments	(2,800,000)	(4,316,680)
Purchase of capital assets	(1,923)	—
	<u>2,998,020</u>	<u>2,144,415</u>
Decrease in cash and cash equivalents	(318,453)	(1,456,560)
Cash and cash equivalents, beginning of year	472,541	1,929,101
Cash and cash equivalents, end of year	<u>\$ 154,088</u>	<u>\$ 472,541</u>

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2016

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 Canadian accounting standards for not-for-profit organizations. 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, 2016

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 risk arising from financial instruments.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

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 of 1.50% (2015 - ranging from 1.40% to 2.10%) with maturity dates between December 1, 2016 and March 9, 2017 (2015 - May 5, 2015 and February 3, 2016).

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

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 2.58% to 5.53% (2015 - 1.00% to 5.53%) with maturity dates between April 15, 2016 and June 2, 2018 (2015 - September 16, 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 nil (2015 - \$131); in salaries and benefits \$3,639 (2015 - \$110,894) in office and general nil (2015 - \$3,052); in rent nil (2015 - \$12,000); and in travel expense nil (2015 - \$750), 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 \$5,118 (2015 - \$76,065) due from the Fund.

During the year, the Foundation advanced the Fund nil (2015 - \$117,100), which is recorded in grant expenditures.

During the year, \$1,793 (2015 - nil) was paid by the Foundation to the Fund for travel expenses.

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:

	2016	2015
Total assets	\$ 1,824,648	\$ 380,487
Total liabilities	1,797,888	341,984
Fund excess	\$ 26,760	\$ 38,503

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

3. Greenbelt Fund (continued):

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

	2016	2015
Revenue	\$ 460,599	\$ 4,457,245
Expenditures	472,342	4,463,646
Deficiency of revenue over expenditures	\$ (11,743)	\$ (6,401)
Cash provided by (used in):		
Operating activities	\$ 1,506,005	\$ (4,032,437)
Investing activities	(885,000)	3,532,290

4. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware and software	\$ 1,923	\$ 320	\$ 1,603	\$ -
Furniture and fixtures	4,279	4,279	-	-
Office equipment	9,733	8,702	1,031	2,978
Vehicles	24,401	24,401	-	5,432
Leasehold improvements	54,938	52,064	2,874	13,175
	\$ 95,274	\$ 89,766	\$ 5,508	\$ 21,585

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 and transferred \$190,230 from internally restricted funds to unrestricted fund balances. In 2015, the Board of Directors approved and transferred \$370,712 from unrestricted to internally restricted fund balances.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

6. Commitments:

(a) Lease commitments:

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

2017	\$ 69,000
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(b) Grant payments:

The Foundation is committed to grant payments of:

2017	\$ 134,676
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