

Financial Statements of

GREENBELT FUND

Year ended March 31, 2012



KPMG LLP
Chartered Accountants
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 Greenbelt Fund

We have audited the accompanying financial statements of Greenbelt Fund, which comprise the statement of financial position as at March 31, 2012, 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 Greenbelt Fund as at March 31, 2012, 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 6, 2012
Toronto, Canada

GREENBELT FUND

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

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 573,298	\$ 575,749
Short-term investments (note 2)	955,287	298,650
Accounts receivable	17,964	15,384
	<u>1,546,549</u>	<u>889,783</u>
Capital assets (note 3)	1,237	1,484
	<u>\$ 1,547,786</u>	<u>\$ 891,267</u>

Liabilities and Fund Balance

Current liabilities:		
Unpresented cheques (note 4)	\$ 255,270	\$ 805,879
Accounts payable and accrued liabilities	291,887	8,180
Grants payable	991,899	48,393
Deferred revenue	—	33,844
	<u>1,539,056</u>	<u>896,296</u>
Fund balance	8,730	(5,029)
	<u>\$ 1,547,786</u>	<u>\$ 891,267</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

GREENBELT FUND

Statement of Operations and Changes in Fund Balance

Year ended March 31, 2012, with comparative figures for the period from June 30, 2010 to March 31, 2011

	2012	2011
Revenue	\$ 3,010,876	\$ 1,670,655
Investment income	11,547	707
	<u>3,022,423</u>	<u>1,671,362</u>
Expenditures:		
Grants	2,523,221	1,329,351
Salaries and benefits (note 4)	232,505	141,530
Consulting fees (note 4)	116,413	113,997
Public awareness (note 4)	87,536	60,857
Professional fees	20,085	13,603
Office and general (note 4)	13,502	7,801
Rent (note 4)	12,000	8,000
Travel (note 4)	3,402	1,252
	<u>3,008,664</u>	<u>1,676,391</u>
Excess of revenue over expenditures (expenditures over revenue)	13,759	(5,029)
Fund balance, beginning of period	(5,029)	—
Fund balance, end of period	<u>\$ 8,730</u>	<u>\$ (5,029)</u>

See accompanying notes to financial statements.

GREENBELT FUND

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for the period from June 30, 2010 to March 31, 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures (expenditures over revenue)	\$ 13,759	\$ (5,029)
Amortization which does not involve cash	247	—
Change in non-cash operating working capital:		
Accounts receivable	(2,580)	(15,384)
Unpresented cheques	(550,609)	805,879
Accounts payable and accrued liabilities	283,707	8,180
Grants payable	943,506	48,393
Deferred revenue	(33,844)	33,844
	654,186	875,883
Investing activities:		
Purchase of short-term investments	(1,505,287)	(298,650)
Redemption of short-term investments	848,650	—
Purchase of capital assets	—	(1,484)
	(656,637)	(300,134)
Increase (decrease) in cash and cash equivalents	(2,451)	575,749
Cash and cash equivalents, beginning of period	575,749	—
Cash and cash equivalents, end of period	\$ 573,298	\$ 575,749
Supplemental cash flow information:		
Interest received	\$ 6,256	\$ 707

See accompanying notes to financial statements.

GREENBELT FUND

Notes to Financial Statements

Year ended March 31, 2012

Greenbelt Fund (the "Fund") was incorporated without share capital on June 30, 2010. The Fund's objectives are 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 Fund is a not-for-profit organization 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 \$3,427,500 (2011 - \$1,704,500) was received from the Ontario Ministry of Agriculture, Food and Rural Affairs ("OMAFRA") in order to enable the Fund to carry out its broader public sector investment fund initiatives.

During the year, \$450,468 (2011 - nil) of Funds were determined to be unallocated and as defined in the agreement are required to be returned to the funder.

During the year, \$170,165 was repaid to OMAFRA and \$280,303 is included in accounts payable and accrued liabilities.

Subsequent to March 31, 2012, the Fund entered into a new agreement with OMAFRA to receive a further \$2,000,000 for fiscal 2012 - 2013.

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 and not administered to the recipients is deferred in current liabilities until the recipient meets the conditions, as defined in the agreement and meets the milestones to receive the funding.

GREENBELT FUND

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(b) Financial instruments:

The Fund accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles. The Fund has adopted The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation, and Section 3865, Hedges.

In accordance with the Canadian generally accepted accounting principles, the Fund has undertaken the following:

- (i) Designated cash and cash equivalents as held-for-trading, being measured at fair value.

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.

- (ii) Accounts receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities and grants payable are classified as other financial liabilities, which are measured at amortized cost.
- (iv) Short-term investments are classified as held-for-trading and carried at market value. Short-term investments consist of term deposits maturing within a year, the fair value of which represents cost plus accrued interest income, given the short-term nature of those investments.

(c) 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:

Computer equipment	3 years
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GREENBELT FUND

Notes to Financial Statements (continued)

Year ended March 31, 2012

1. Significant accounting policies (continued):

(d) Allocation of expenditures:

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

(e) 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:

Short-term investments include term deposits with an interest rate of 1.6% (2011 - 1.8%) maturing on January 6, 2013 (2011 - December 31, 2011).

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

3. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 1,484	\$ 247	\$ 1,237	\$ 1,484

GREENBELT FUND

Notes to Financial Statements (continued)

Year ended March 31, 2012

4. Related party transactions:

Included in salaries and benefits is \$115,160 (2011 - \$66,706); in consulting fees nil (2011 - \$47,363); in public awareness \$19,781 (2011 - \$3,860); in rent expense \$12,000 (2011 - \$8,000); in office and general \$4,377 (2011 - \$5,510) and in travel expense \$573 (2011 - \$139), representing amounts paid by the Fund to the Friends of the Greenbelt Foundation for the use of shared resources during the year. These transactions are in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

Included in unrepresented cheques is an amount of \$46,357 (2011 - \$33,106) due to the Friends of the Greenbelt Foundation.