

Financial Statements of

GREENBELT FUND

Years ended March 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of Greenbelt Fund

We have audited the accompanying financial statements of Greenbelt Fund, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits 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, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

July 17, 2013
Toronto, Canada

GREENBELT FUND

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

Statements of Financial Position

March 31, 2013, March 31 2012 and April 1, 2011

| | March 31, 2013 | March 31, 2012 | April 1, 2011 |
|---------------------------------|-------------------|-------------------|------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 328,819 | \$ 318,028 | \$ 575,749 |
| Short-term investments (note 2) | – | 955,287 | 298,650 |
| Accounts receivable | 17,289 | 17,964 | 15,384 |
| Prepaid expenses | 1,193 | – | – |
| | 347,301 | 1,291,279 | 889,783 |
| Capital assets (note 3) | 743 | 1,237 | 1,484 |
| | \$ 348,044 | \$ 1,292,516 | \$ 891,267 |

Liabilities and Fund Balances

| | | | |
|--|------------|--------------|------------|
| Current liabilities: | | | |
| Unpresented cheques (note 4) | \$ – | \$ – | \$ 805,879 |
| Accounts payable and accrued liabilities | 100,586 | 291,887 | 8,180 |
| Grants payable | 74,297 | 991,899 | 48,393 |
| Deferred revenue (note 4) | 165,131 | – | 33,844 |
| | 340,014 | 1,283,786 | 896,296 |
| Fund balances | 8,030 | 8,730 | (5,029) |
| | \$ 348,044 | \$ 1,292,516 | \$ 891,267 |

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

GREENBELT FUND

Statements of Operations and Changes in Fund Balances

Years ended March 31, 2013 and 2012

| | 2013 | 2012 |
|--|--------------|--------------|
| Revenue | \$ 1,859,690 | \$ 3,010,876 |
| Investment income | 9,206 | 11,547 |
| Other revenue (note 4) | 67,629 | — |
| | 1,936,525 | 3,022,423 |
| Expenditures: | | |
| Grants | 1,370,050 | 2,523,221 |
| Salaries and benefits (note 4) | 389,937 | 232,505 |
| Consulting fees | 817 | 116,413 |
| Public awareness (note 4) | 132,976 | 87,536 |
| Professional fees | 14,541 | 20,085 |
| Office and general (note 4) | 13,672 | 13,502 |
| Rent (note 4) | 12,000 | 12,000 |
| Travel (note 4) | 3,232 | 3,402 |
| | 1,937,225 | 3,008,664 |
| Excess (deficiency) of revenue over expenditures | (700) | 13,759 |
| Fund balances, beginning of year | 8,730 | (5,029) |
| Fund balances, end of year | \$ 8,030 | \$ 8,730 |

See accompanying notes to financial statements.

GREENBELT FUND

Statements of Cash Flows

Years ended March 31, 2013 and 2012

| | 2013 | 2012 |
|--|------------|-------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenditures | \$ (700) | \$ 13,759 |
| Amortization which does not involve cash | 494 | 247 |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 675 | (2,580) |
| Unpresented cheques | — | (805,879) |
| Accounts payable and accrued liabilities | (191,301) | 283,707 |
| Grants payable | (917,602) | 943,506 |
| Deferred revenue | 165,131 | (33,844) |
| Prepaid expenses | (1,193) | — |
| | (944,496) | 398,916 |
| Investing activities: | | |
| Purchase of short-term investments | — | (1,505,287) |
| Redemption of short-term investments | 955,287 | 848,650 |
| | 955,287 | (656,637) |
| Increase (decrease) in cash and cash equivalents | 10,791 | (257,721) |
| Cash and cash equivalents, beginning of year | 318,028 | 575,749 |
| Cash and cash equivalents, end of year | \$ 328,819 | \$ 318,028 |

See accompanying notes to financial statements.

GREENBELT FUND

Notes to Financial Statements

Years ended March 31, 2013 and 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.

During the year, a contribution of \$1,970,000 (2012 - \$3,427,500) 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, \$358 (2012 - \$450,468) of funds were determined to be unallocated and as defined in the agreement are required to be returned to the funder and repaid (2012 - \$170,165) to OMAFRA and nil (2012 - \$280,303) is included in accounts payable and accrued liabilities.

During the year, the Fund entered into a new agreement with OMAFRA and subsequent to year end received a further \$5,000,000 for fiscal 2013 - 2015.

On April 1, 2012, the Fund adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' Handbook ("not-for-profit standards"). These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the Fund has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011, and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to fund balances as at April 1, 2011 or excess of revenue over expenditures for the year ended March 31, 2012 as a result of transition to not-for-profit standards

GREENBELT FUND

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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.

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

Funding received in advance and not administered to the recipients or received in advance of the event is deferred in current liabilities until the recipient meets the conditions, as defined in the agreement and meets the milestones to receive the funding.

(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 Fund has elected to carry such financial instruments at fair value.

GREENBELT FUND

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

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 Fund 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 Fund 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.

(d) 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 |
|--------------------|---------|

(e) Allocation of expenditures:

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

(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 dates of the financial statements and the reported amounts of revenue and expenditures during the years. Actual results could differ from those estimates.

GREENBELT FUND

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Investments:

Short-term investments include term deposits with an interest rate of nil (March 31, 2012 - 1.6%; April 1, 2011 - 1.8%) with no maturity for the year ended March 31, 2013 (March 31, 2012 - maturity date of January 6, 2013; April 1, 2011 - maturity date of December 31, 2011).

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

3. Capital assets:

| March 31, 2013 | Cost | Accumulated amortization | Net book value |
|--------------------|----------|--------------------------|----------------|
| Computer equipment | \$ 1,484 | \$ 741 | \$ 743 |

| March 31, 2012 | Cost | Accumulated amortization | Net book value |
|--------------------|----------|--------------------------|----------------|
| Computer equipment | \$ 1,484 | \$ 247 | \$ 1,237 |

| April 1, 2011 | Cost | Accumulated amortization | Net book value |
|--------------------|----------|--------------------------|----------------|
| Computer equipment | \$ 1,484 | \$ - | \$ 1,484 |

4. Related party transactions:

Included in salaries and benefits is \$237,591 (2012 - \$115,160); in public awareness \$169 (2012 - \$19,781); in rent expense \$12,000 (2012 - \$12,000); in office and general \$4,157 (2012 - \$4,377) and in travel expense nil (2012 - \$573), representing amounts paid by the Fund to the Friends of the Greenbelt Foundation (the "Foundation") for the use of shared resources during the year.

GREENBELT FUND

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

4. Related party transactions (continued):

During the year, the Fund received \$75,000 from the Foundation. An amount of \$20,179 was recognized and recorded as other revenue and \$54,821 was deferred.

Included in unrepresented cheques is an amount of nil (March 31, 2012 - nil; April 1, 2011 - \$33,106) due to the Foundation.

Accounts payable and accrued liabilities include an amount of \$64,362 (March 31, 2012 - nil; April 1, 2011 - nil) due to the Foundation.

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.

5. Financial risks and risk management:

(a) Liquidity risk:

Liquidity risk is the risk that the Fund will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Fund manages its liquidity risk by monitoring its operating requirements. The Fund prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Fund is exposed to credit risk with respect to the accounts receivable. The Fund assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposure from 2012.

(c) Interest rate risk:

The Fund is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 2.