



Financial Statements

**The Living City Foundation**

December 31, 2015

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# Independent Auditor's Report

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To the members of  
The Living City Foundation

We have audited the accompanying financial statements of The Living City Foundation, which comprise the statement of financial position as at December 31, 2015, the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and 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.

## Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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 qualified audit opinion.

#### Basis for qualified opinion

In common with many charitable organizations, The Living City Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Living City Foundation. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess (deficiency) of revenue over expenditures and cash flows from operations for the year ended December 31, 2015 and 2014, assets as at December 31, 2015 and 2014, and fund balances as at January 1, 2014 and December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

#### Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Living City Foundation at December 31, 2015, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Grant Thornton LLP*

Toronto, Canada  
April 27, 2016

Chartered Professional Accountants  
Licensed Public Accountants

# The Living City Foundation

## Statement of Revenue and Expenditures and Fund Balances

Year ended December 31

	Externally Restricted Funds (Note 2)	Operating Fund	<b>Total 2015</b>	Total 2014
<b>Revenue</b>				
Donations, grants and fundraising (Note 2)	\$ 2,211,715	\$ 477,202	<b>\$2,688,917</b>	\$3,281,352
Investment interest income	5,400	65,693	<b>71,093</b>	57,504
Unrealized gain on investments	-	10,459	<b>10,459</b>	17,726
	<u>2,217,115</u>	<u>553,354</u>	<b><u>2,770,469</u></b>	<u>3,356,582</u>
<b>Expenditures</b>				
Grants (Note 3)	1,874,177	-	<b>1,874,177</b>	2,184,058
Contract services (Note 3)	115,418	51,187	<b>166,605</b>	55,260
Administration, operating and fundraising (Note 4)	10,380	640,939	<b>651,319</b>	555,980
	<u>1,999,975</u>	<u>692,126</u>	<b><u>2,692,101</u></b>	<u>2,795,298</u>
<b>Excess (deficiency) of revenue over expenditures</b>	217,140	(138,772)	<b>78,368</b>	561,284
Fund balances, beginning of year	2,475,092	(416,904)	<b>2,058,188</b>	1,496,904
Project surcharge, transfer to operating fund	(53,843)	53,843	-	-
<b>Fund balances, end of year</b>	<b><u>\$ 2,638,389</u></b>	<b><u>\$ (501,833)</u></b>	<b><u>\$ 2,136,556</u></b>	<b><u>\$2,058,188</u></b>

# The Living City Foundation

## Statement of Financial Position

December 31

2015

2014

### Assets

#### Current

Cash and cash equivalents	\$ 851,467	\$ 1,042,766
Investments and investment interest receivable	3,315,272	2,613,722
Accounts receivable	<u>107,875</u>	<u>23,338</u>
	<b>\$ 4,274,614</b>	<b>\$ 3,679,826</b>

### Liabilities

#### Current

Accounts payable and accruals (Note 5)	\$ 2,138,058	\$ 1,621,638
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### Fund balances

#### Externally restricted funds

Projects Fund (Note 7)	2,490,157	2,322,821
B. Harper Bull Fellowship Awards Fund	55,390	60,959
Ontario Conservation Journeys Program	<u>92,842</u>	<u>91,312</u>
	<b>2,638,389</b>	<b>2,475,092</b>
Operating Fund deficit	<u>(501,833)</u>	<u>(416,904)</u>
	<b>2,136,556</b>	<b>2,058,188</b>
	<b>\$ 4,274,614</b>	<b>\$ 3,679,826</b>

On behalf of the Board



Chair



Executive Director

See accompanying notes to the financial statements

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# The Living City Foundation

## Statement of Cash Flows

Year ended December 31

2015

2014

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Increase (decrease) in cash and cash equivalents

**Operating activities**

Excess of revenue over expenditures	\$ 78,368	\$ 561,284
Unrealized gain on investments	<u>(10,459)</u>	<u>(17,726)</u>
	67,909	543,558

Changes in non-cash working capital

Accounts receivable	(84,537)	(1,907)
Accounts payable and accruals	<u>516,420</u>	<u>720,406</u>
	<u>499,792</u>	<u>1,262,057</u>

**Investing activities**

Purchases of investments (at cost)	(1,250,000)	(1,100,000)
Proceeds on sale of investments (at cost)	600,000	250,000
Change in investment interest receivable	<u>(41,091)</u>	<u>(28,089)</u>
	<u>(691,091)</u>	<u>(878,089)</u>

Increase (decrease) in cash and cash equivalents (191,299) 383,968

Cash and cash equivalents, beginning of year 1,042,766 658,798

Cash and cash equivalents, end of year \$ 851,467 \$ 1,042,766

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2015

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### 1. Nature of operations

The Living City Foundation ("Foundation") develops public support and participation in the achievement of a liveable community through natural and cultural heritage resource conservation. The Foundation works to achieve its mission mainly through financial support of projects of Toronto and Region Conservation Authority ("Authority").

The Foundation was incorporated in 1961 by Ontario Letters Patent as a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

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### 2. Summary of significant accounting policies

#### Basis of accounting

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO requires entities to select policies appropriate for their circumstances from policies provided in these standards. The following are the policies selected by the Foundation and applied in these financial statements.

#### Fund accounting

The Foundation uses the restricted fund method for reporting contributions subject to external restrictions. Expenditures with respect to administrative and operating expenses are charged to the Operating Fund. Expenditures for projects and for scholarships awarded are charged to the appropriate fund. Revenue is allocated to the respective funds as explained below.

The Foundation's four funds are as follows:

#### *Projects Fund (Externally restricted)*

The Foundation raises funds for a variety of education and conservation projects on behalf of the Authority. Funds which are externally restricted for projects of the Authority are held within the Projects Fund. The Foundation transfers funds to the Authority as costs are incurred by the Authority to deliver each phase of the project, in accordance with requirements of the donor.

#### *Ontario Conservation Journeys Program (Externally restricted)*

The Living City Foundation holds funds in trust for the Provincial Conservation Journeys program, administered in collaboration with the Authority and other Ontario conservation authorities. The fund was established to increase awareness and membership in various recreational programs of Ontario conservation authorities. In 2015, this fund had investment income of \$1,530 (2014 - \$1,559).



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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2015

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

##### *B. Harper Bull Fellowship Awards Fund (Externally restricted)*

The B. Harper Bull Fellowship Awards Fund was established through a legacy from the Estate of Mr. B. Harper Bull and is supported by specified donations. Included in this fund is \$10,000 which is to be retained by the organization in perpetuity. The funds are invested in short term investments and the related investment income is restricted and recognized in the fund and disbursed in the form of awards to students engaged in conservation and environmental studies, on a bi-annual basis. In 2015, this fund had a donation of \$1,500 (2014 - \$nil), investment income of \$1,021 (2014 - \$1,041), offset by payment of three grants totalling \$8,000 (2014 - \$nil) and a transfer of funds project surcharge of \$90 (2014 - \$nil).

##### *Operating Fund*

The operating fund, through unrestricted donations and other funding sources, uses revenues to pay the administrative, operating and fundraising costs of the Foundation.

#### Donations, fundraising and grants

Donations are recorded when received, and grants and fundraising are recorded when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and all revenue sources are allocated to the fund specified by the donor.

The Foundation receives donations in the form of goods which are recorded at estimated fair market value. During 2015, the Foundation received \$21,349 of such donations-in-kind (2014 - \$29,508).

#### Contributed services

The Foundation derives significant benefit from donated services, including volunteer efforts. Since these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

#### Cash and cash equivalents

The Foundation considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

#### Investments

Investments consist of government and corporate bonds carried at fair value with gains and losses recognized in the statement of revenue and expenditures.

Interest income is recognized as income in the operating fund except where restrictions dictate that the income be allocated to a specific fund. Restricted investment income is recognized as revenue of the related fund.

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2015

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

Investments are recorded at fair value when acquired and related transaction costs are expensed as incurred. The Foundation has irrevocably elected to subsequently measure its investments at fair value. All changes in fair value of the Foundation's investments are recorded in the statement of revenue and expenditures.

All other financial instruments, including cash and cash equivalents, accounts receivable, amounts due to the Authority and other accounts payable, are initially recorded at fair value, which represents cost, and subsequently measured at cost or amortized cost.

#### 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.

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### 3. Grants and Contract Services

Included in grants are amounts paid to the Authority of \$1,561,931 (2014 - \$1,867,940) and external grants to Environmental Leaders of Tomorrow program recipients of \$304,246 (2014 - \$316,118). Included in contract services are amounts paid to the Authority of \$115,418 (2014 - \$nil).

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### 4. Administration, operating and fundraising expenditures

	<u>2015</u>	<u>2014</u>
<b>Operating Funds</b>		
Salaries, wages, benefits and employee development	\$ 469,474	\$ 431,565
Advertising and promotional materials	59,451	27,371
Software, equipment and communications	32,382	34,005
Event entertainment	31,182	3,463
Travel, meals and accommodation	13,870	8,483
Bank and credit card fees	9,069	11,230
Supplies	8,649	19,210
Audit fees	7,046	7,639
Other	9,816	11,651
	<u>640,939</u>	<u>554,617</u>
<b>Restricted Funds</b>		
Promotional materials	10,000	-
Other	380	1,363
	<u>10,380</u>	<u>1,363</u>
	<u>\$ 651,319</u>	<u>\$ 555,980</u>

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2015

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### 5. Payables and accruals

Included in payables and accruals are amounts due to the Authority of \$2,019,402 (2014 - \$1,463,148) which are non-interest bearing, unsecured and have no specified repayment terms.

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### 6. Financial instruments

#### Interest rate risk

The Foundation is exposed to interest rate risk with respect to its fixed income investments because the fair value will fluctuate due to changes in market interest rates.

#### Liquidity risk

The Foundation is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities.

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### 7. Projects Fund

The projects fund consists of the following externally restricted project balances:

	<u>2015</u>	<u>2014</u>
Environmental Projects – Various Funds	\$ 1,030,529	\$ 950,923
Conservation Field Centres – Various Funds	696,985	481,559
Paddle the Don Fund	419,758	379,643
Black Creek Pioneer Village – Various Funds	214,524	377,878
Sauriol – Buckles Fund	70,856	71,270
Durham Conservation Trust	49,749	55,429
Kortright Centre for Conservation	4,487	3,313
Conservation Parks	2,647	2,158
Charles Sauriol Environmental Land Trust	<u>622</u>	<u>648</u>
	<u>\$ 2,490,157</u>	<u>\$ 2,322,821</u>

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### 8. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.