



Financial Statements

**The Living City Foundation**

December 31, 2014

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Grant Thornton

## 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, 2014, 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, 2014 and 2013, assets as at December 31, 2014 and 2013, and fund balances as at January 1, 2013 and December 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended December 31, 2013 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, 2014, 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 29, 2015

Chartered Accountants  
Licensed Public Accountants

# The Living City Foundation

## Statement of Revenue and Expenditures and Fund Balances

Year ended December 31

	Externally Restricted			Internally Restricted Projects Fund	Operating Fund	Total 2014	Total 2013
	Projects Fund	B. Harper Bull Fellowship Awards Fund (Note 3)	Ontario Conservation Journeys Program				
<b>Revenue</b>							
Donations and fundraising (Note 2)	\$ 2,782,947	\$ -	\$ -	\$ -	\$ 498,405	\$ 3,281,352	\$ 2,791,549
Investment income	3,080	1,041	1,559	-	51,824	57,504	55,053
Unrealized gain (loss) in market value of investments				-	17,726	17,726	(14,265)
	<u>2,786,027</u>	<u>1,041</u>	<u>1,559</u>	<u>-</u>	<u>567,955</u>	<u>3,356,582</u>	<u>2,832,337</u>
<b>Expenditures</b>							
Grants to the Toronto and Region Conservation Authority	1,867,940	-	-	-	-	1,867,940	1,623,745
Environmental Leaders of Tomorrow program	316,118	-	-	-	-	316,118	251,757
Administration, operating and fundraising (Note 4)	1,363	-	-	-	609,877	611,240	616,705
	<u>2,185,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>609,877</u>	<u>2,795,298</u>	<u>2,492,207</u>
<b>Excess (deficiency) of revenue over expenditures</b>	600,606	1,041	1,559		(41,922)	561,284	340,130
Fund balances, beginning of year	1,281,937	59,918	89,753	528,805	(463,509)	1,496,904	1,156,774
Transfer between funds	440,278	-	-	(528,805)	88,527	-	-
<b>Fund balances, end of year</b>	<u>\$ 2,322,821</u>	<u>\$ 60,959</u>	<u>\$ 91,312</u>	<u>\$ -</u>	<u>\$ (416,904)</u>	<u>\$ 2,058,188</u>	<u>\$ 1,496,904</u>

See accompanying notes to the financial statements.

# The Living City Foundation

## Statement of Financial Position

December 31

2014

2013

### Assets

#### Current

Cash and cash equivalents	\$ 1,042,766	\$ 658,798
Investments	2,613,722	1,717,907
Accounts receivable	21,318	18,896
Interest receivable	<u>2,020</u>	<u>2,535</u>
	<u>\$ 3,679,826</u>	<u>\$ 2,398,136</u>

### Liabilities

#### Current

Payables and accruals	\$ 158,490	\$ 3,820
Due to Toronto and Region Conservation Authority (Note 5)	<u>1,463,148</u>	<u>897,412</u>
	<u>1,621,638</u>	<u>901,232</u>

### Fund balances

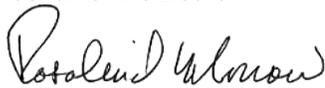
#### Externally restricted funds

Projects Fund	2,322,821	1,281,937
B. Harper Bull Fellowship Awards Fund	60,959	59,918
Ontario Conservation Journeys Program	91,312	89,753

#### Internally restricted Projects Fund

Operating Fund deficit - unrestricted	<u>(416,904)</u>	<u>(463,509)</u>
	<u>2,058,188</u>	<u>1,496,904</u>
	<u>\$ 3,679,826</u>	<u>\$ 2,398,136</u>

On behalf of the Board



Chair



Director

See accompanying notes to the financial statements.

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# The Living City Foundation

## Statement of Cash Flows

Year ended December 31

2014

2013

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Increase (decrease) in cash and cash equivalents

	2014	2013
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 561,284	\$ 340,130
Unrealized (gain) loss on investments	<u>(17,726)</u>	<u>14,265</u>
	543,558	354,395
Changes in non-cash working capital		
Accounts receivable	(2,422)	6,790
Interest receivable	515	(1,075)
Payables and accruals	154,670	(80,504)
Due to Toronto and Region Conservation Authority	<u>565,736</u>	<u>(309,062)</u>
	<u>1,262,057</u>	<u>(29,456)</u>
<b>Investing activities</b>		
Purchases of investments	(1,145,097)	(1,491,976)
Proceeds from maturing investments	<u>267,008</u>	<u>1,816,570</u>
	<u>(878,089)</u>	<u>324,594</u>
Increase in cash and cash equivalents	383,968	295,138
Cash and cash equivalents, beginning of year	<u>658,798</u>	<u>363,660</u>
Cash and cash equivalents, end of year	<u>\$ 1,042,766</u>	<u>\$ 658,798</u>

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See accompanying notes to the financial statements.

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2014

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### 1. Nature of operations

The mission of The Living City Foundation (“Foundation”) is to develop 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 the Toronto and Region Conservation Authority (TRCA).

The Foundation is a registered charity and, as such, is exempt from income taxes. To maintain this status, the Foundation is required to comply with certain requirements as specified in the Income Tax Act (Canada) for public foundations.

The Foundation was incorporated by Letters Patent dated April 13, 1961, without share capital, under the provisions of the Ontario Corporations Act. Supplementary Letters Patent were registered on September 2, 2011 changing the name of the Foundation to The Living City Foundation.

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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 are part of Canadian generally accepted accounting principles.

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.

#### Donations and fundraising

Donations and fundraising are recorded when received and 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 2014, the Foundation received \$29,508 of such donations-in-kind (2013 – \$35,691).

#### Contributed services

The Foundation derives significant benefit from services donated by volunteers. 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.

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2014

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

#### 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.

#### Financial instruments – recognition and measurement

##### *Initial measurement*

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The Foundation has also irrevocably elected to 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. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, payables and accruals and due to Toronto and Region Conservation Authority.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of revenues and expenditures. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

#### 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.

#### 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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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2014

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### 3. Description of Funds

#### *Projects Fund*

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

#### *B. Harper Bull Fellowship Awards Fund*

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 unencroachable. 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.

#### *Ontario Conservation Journeys Program*

The Living City Foundation holds funds in trust for the Provincial Conservation Journeys program, administered in collaboration with TRCA and other Ontario conservation authorities. The fund was established to increase awareness and membership in various recreational programs of Ontario conservation authorities.

#### *Internally Restricted Projects Fund*

The internally restricted projects fund was created by the Board by way of transfer from the operating fund, and is intended for projects at the discretion of the Board. At the Board's discretion, amounts are transferred to the Projects Fund or the Operating Fund.

#### *Operating Fund*

The operating fund accounts for donor funds received through the direct mail campaign, planned giving program, various fund raising activities, unrestricted investment income and includes unsolicited donations. The operating fund revenues pay for fundraising and administrative costs of the Foundation.

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### 4. Administration, operating and fundraising expenditures

	<u>2014</u>	<u>2013</u>
Salaries, wages and benefits	\$ 126,173	\$ 111,266
Office and general	27,666	27,712
Computer equipment and software	12,344	20,178
Legal and audit fees	7,639	4,964
Travel and meetings	5,613	6,571
Fundraising (Operating Fund)	<u>430,442</u>	<u>444,198</u>
	<b>609,877</b>	<b>614,889</b>
Fundraising (Projects Fund – externally restricted)	<u>1,363</u>	<u>1,816</u>
	<b>\$ 611,240</b>	<b>\$ 616,705</b>

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2014

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### 5. Due to the Toronto and Region Conservation Authority

The amounts due to the Toronto and Region Conservation Authority are non-interest bearing, unsecured and have no specified repayment terms.

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### 6. Expense allocation

Salaries and benefits are allocated based on staff estimates of time spent on each functional area of administration, operating and fundraising activities.

In 2014, \$421,073 (2013 - \$415,470) of salaries and benefits were allocated to fundraising within the Operating Fund while \$Nil (2013 - \$278) of salaries and benefits were allocated to fundraising within the internally and externally restricted Projects Fund.

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### 7. Comparison to budget

The following comparison of budget to actual for 2014 is provided for information purposes. Budget amounts are unaudited.

	2014 Budget (unaudited)	2014 Actual
<b>Revenue</b>		
Donations and grants	\$ 3,175,000	\$ 3,281,352
Investment income	40,000	57,504
Unrealized gain in market value of investments	-	17,726
	<u>3,215,000</u>	<u>3,356,582</u>
<b>Expenditures</b>		
Grants to Toronto and Region Conservation Authority	2,200,000	1,867,940
Environmental Leaders of Tomorrow program	150,000	316,118
Administrative and operating	175,000	179,435
Fundraising	595,000	431,805
	<u>3,120,000</u>	<u>2,795,298</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 95,000</u>	<u>\$ 561,284</u>

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# The Living City Foundation

## Notes to the Financial Statements

December 31, 2014

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### **8. Financial instruments**

The main risks the Foundation is exposed to through its financial instruments are interest rate risk and liquidity risk.

#### **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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