

Financial Statements of

**TORONTO AND REGION
CONSERVATION FOUNDATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Members of Toronto and Region Conservation Foundation

Opinion

We have audited the financial statements of Toronto and Region Conservation Foundation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of revenue and expenses and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 5, 2024

TORONTO AND REGION CONSERVATION FOUNDATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 6,057,089	\$ 6,972,496
Investments (note 2)	2,594,066	2,482,673
Accounts receivable	39,452	38,006
Prepaid expenses	12,761	12,068
	<u>\$ 8,703,368</u>	<u>\$ 9,505,243</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 3,161,030	\$ 4,055,913
Fund balances:		
Externally Restricted Funds (note 4)	4,610,875	4,874,358
Operating Fund	931,463	574,972
	<u>5,542,338</u>	<u>5,449,330</u>
	<u>\$ 8,703,368</u>	<u>\$ 9,505,243</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director/Chair



Director/ Chief Executive Officer

TORONTO AND REGION CONSERVATION FOUNDATION

Statement of Revenue and Expenses and Fund Balances

Year ended December 31, 2023, with comparative information for 2022

			2023	2022
	Externally Restricted Funds	Operating Fund	Total	Total
Revenue:				
Donations, grants and fundraising (note 1(d))	\$ 2,717,861	\$ 240,252	\$ 2,958,113	\$ 2,858,796
Investment interest	1,635	383,952	385,587	196,795
Realized loss from investments	–	(52,267)	(52,267)	(84,666)
	2,719,496	571,937	3,291,433	2,970,925
Expenses:				
Grants (note 3)	2,981,827	78,600	3,060,427	3,966,793
Administration, operating and fundraising (note 5)	–	137,998	137,998	171,530
	2,981,827	216,598	3,198,425	4,138,323
Excess (deficiency) of revenue over expenses	(262,331)	355,339	93,008	(1,167,398)
Fund balances, beginning of year	4,874,358	574,972	5,449,330	6,616,728
Transfer to Operating Fund	(1,152)	1,152	–	–
Fund balances, end of year	\$ 4,610,875	\$ 931,463	\$ 5,542,338	\$ 5,449,330

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION FOUNDATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 93,008	\$ (1,167,398)
Realized loss from investments not involving cash	52,267	84,666
Change in non-cash operating working capital:		
Accounts receivable	(1,446)	(20,787)
Prepaid expenses	(693)	(831)
Accounts payable and accrued liabilities	(894,883)	2,754,245
	<u>(751,747)</u>	<u>1,649,895</u>
Investing activities:		
Purchase of investments	(1,123,583)	(1,008,968)
Proceeds on maturity and sale of investments	979,416	1,270,215
Change in investment interest receivable	(19,493)	(2,248)
	<u>(163,660)</u>	<u>258,999</u>
Increase (decrease) in cash	(915,407)	1,908,894
Cash, beginning of year	6,972,496	5,063,602
Cash, end of year	<u>\$ 6,057,089</u>	<u>\$ 6,972,496</u>

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

Toronto and Region Conservation Foundation ("Foundation"), develops public support and participation in the achievement of a livable 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 Income Tax Act (Canada).

1. Significant accounting policies:

(a) 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.

(b) Fund accounting:

The Foundation uses the restricted fund method for reporting contributions subject to external restrictions. Expenses for externally restricted projects and for scholarships awarded are charged to the appropriate fund. The Operating Fund, through unrestricted donations and other funding sources, uses revenue to pay the administrative, operating, and fundraising costs of the Foundation.

(c) Revenue recognition:

Donations, grants, and fundraising revenue 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.

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

TORONTO AND REGION CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Contributed good and services:

The Foundation recognizes contributed materials and services to the extent that fair value can be reasonably estimated, and the materials and services are used in the normal course of the Foundation's operations and would have otherwise been purchased. In 2023, the Foundation recorded nil (2022 - \$4,117) of such donations-in-kind.

Volunteers make a substantial contribution of time each year to assist the Foundation in carrying out its activities. Due to the difficulty in determining the fair value of such services, they are not recognized in these financial statements.

(e) Financial instruments:

Investments are initially recorded at fair value, which represents cost, and subsequently measured at amortized costs. Related transaction costs are expensed as incurred.

All financial instruments, including cash, accounts receivable, and accounts payable and accrued liabilities are initially recorded at fair value, which represents cost, and subsequently measured at cost or amortized cost.

(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 expenses during the year. Actual results could differ from those estimates.

TORONTO AND REGION CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Investments:

Investments comprise fixed income investments, equities, and mutual funds. Investment income, including interest and dividends is recognized when earned. Any discounts or premium arising on the purchase is amortized over the period to maturity. If there is a permanent loss in value, an investment will be written down to recognize the loss. Any write-down would be included in the statement of revenue and expenses and fund balances.

	2023	2022
Bond portfolio (1.05% - 5.21%, April 11, 2024 - June 19, 2081)	\$ 1,683,508	\$ 1,571,537
Equity and mutual fund portfolio	910,558	911,136
	<u>\$ 2,594,066</u>	<u>\$ 2,482,673</u>

The fair market value of the investments at December 31, 2023 is \$2,516,098 (2022 - \$2,280,529).

3. Amounts contributed to/from the Authority:

Included in grants expenses are amounts paid to the Authority of \$3,059,624 (2022 - \$3,960,793), including to Environmental Leaders of Tomorrow program recipients of \$24,274 (2022 - \$37,258).

Included in accounts payable and accrued liabilities are amounts due to the Authority of \$3,141,970 (2022 - \$4,040,215), which are non-interest bearing, unsecured, and have no specified repayment terms.

TORONTO AND REGION CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Externally Restricted Funds:

	2023	2022
Project Funds:		
Environmental Projects Funds	\$ 2,169,766	\$ 2,231,730
Meadoway Campaign Funds	1,379,158	1,623,336
Black Creek Pioneer Village Funds	406,626	401,895
Paddle the Don Fund	345,720	345,720
Conservation Field Centres Funds	231,199	209,803
Kortright Centre for Conservation Funds	32,262	21,861
Conservation Parks Funds	28,732	18,392
Sauriol and Buckles Fund	402	382
	<u>4,593,865</u>	<u>4,853,119</u>
B. Harper Bull Fellowship Awards Fund (i)	17,010	21,239
	<u>\$ 4,610,875</u>	<u>\$ 4,874,358</u>

(i) 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 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 2023, this fund received donations of \$1,000 (2022 - \$1,000) and earned investment income of \$832 (2022 - \$506). Further in 2023, this fund disbursed scholarships of \$6,000 (2022 - \$6,000) and incurred costs of \$60 (2022 - \$60).

TORONTO AND REGION CONSERVATION FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Administration, operating and fundraising expenses:

	2023	2022
Salaries, wages, benefits and employee development	\$ 76,076	\$ 74,167
Bank and investment fees	22,309	21,139
Software, equipment and communications	16,992	23,610
Audit and professional services	11,175	9,930
Administration	5,197	–
Insurance and permits	4,450	3,979
Advertising and promotional materials	1,390	2,118
Supplies	409	20
	<u>137,998</u>	<u>134,963</u>
Restricted Funds:		
Software, equipment and communications	–	32,450
Gifts in-kind	–	4,117
	<u>–</u>	<u>36,567</u>
	<u>\$ 137,998</u>	<u>\$ 171,530</u>

6. Financial risks:

(a) 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. The Foundation mitigates this risk through controls to monitor and limit concentration levels.

(b) Liquidity risk:

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

(c) Market risk:

The Foundation's operations include revenue derived from voluntary donations and delivery of social events which are impacted by general economic conditions and trends. A decline in economic conditions could impact the Foundation's operations negatively.