



Financial Statements

The Living City Foundation

December 31, 2012

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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, 2012, 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 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 audit 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 revenues 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, 2012 and assets and the fund balances as at December 31, 2012.

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, 2012, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that The Living City Foundation adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of revenue and expenditures and fund balances and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Grant Thornton LLP

Toronto, Canada
April 24, 2013

Chartered Accountants
Licensed Public Accountants

The Living City Foundation

Statement of Revenue and Expenditures and Fund Balances

Year ended December 31

	<u>Projects Fund</u>	B. Harper Bull Fellowship Awards Fund (Note 4)	Ontario Conservation Journeys Program	<u>Operating Fund</u>	<u>Total 2012</u>	Total 2011 (unaudited)
Revenue						
Donations, grants and fundraising	\$ 2,069,572	\$ -	\$ -	\$ 478,614	\$ 2,548,186	\$ 1,941,297
Investment income	3,651	1,610	1,484	44,648	51,393	40,502
Unrealized (loss) gain in market value of investments	-	-	-	(4,670)	(4,670)	14,892
	<u>2,073,223</u>	<u>1,610</u>	<u>1,484</u>	<u>518,592</u>	<u>2,594,909</u>	<u>1,996,691</u>
Expenditures						
Grants to the Toronto and Region Conservation Authority	1,644,876	-	-	46,365	1,691,241	1,559,338
Grant to Oak Ridges Moraine Land Trust	-	-	-	-	-	25,000
Environmental Leaders of Tomorrow program	125,064	-	-	-	125,064	-
Administration, operating and fundraising (Note 5)	116,340	-	-	649,635	765,975	594,777
	<u>1,886,280</u>	<u>-</u>	<u>-</u>	<u>696,000</u>	<u>2,582,280</u>	<u>2,179,115</u>
Excess (deficiency) of revenue over expenditures	186,943	1,610	1,484	(177,408)	12,629	(182,424)
Fund balances, beginning of year	<u>1,263,296</u>	<u>57,050</u>	<u>86,827</u>	<u>(263,028)</u>	<u>1,144,145</u>	<u>1,326,569</u>
Fund balances, end of year	<u>\$ 1,450,239</u>	<u>\$ 58,660</u>	<u>\$ 88,311</u>	<u>\$ (440,436)</u>	<u>\$ 1,156,774</u>	<u>\$ 1,144,145</u>

See accompanying notes to the financial statements.

The Living City Foundation

Statement of Financial Position

	December 31, 2012	December 31, 2011	January 1, 2011
		(unaudited)	(unaudited)
Assets			
Current			
Cash and cash equivalents	\$ 363,660	\$ 262,071	\$ 80,489
Investments	2,056,766	1,944,115	1,670,921
Accounts receivable	25,686	27,029	52,808
Interest receivable	<u>1,460</u>	<u>908</u>	<u>1,073</u>
	<u>\$ 2,447,572</u>	<u>\$ 2,234,123</u>	<u>\$ 1,805,291</u>
Liabilities			
Current			
Payables and accruals	\$ 84,324	\$ 45,426	\$ 94,727
Due to Toronto and Region Conservation Authority (Note 6)	<u>1,206,474</u>	<u>1,044,552</u>	<u>383,995</u>
	<u>1,290,798</u>	<u>1,089,978</u>	<u>478,722</u>
Fund Balances			
Externally restricted			
Projects Fund	1,450,239	1,263,296	1,256,012
B. Harper Bull Fellowship Awards Fund	58,660	57,050	55,177
Ontario Conservation Journeys Program	88,311	86,827	107,155
Operating Fund deficit - unrestricted	<u>(440,436)</u>	<u>(263,028)</u>	<u>(91,775)</u>
	<u>1,156,774</u>	<u>1,144,145</u>	<u>1,326,569</u>
	<u>\$ 2,447,572</u>	<u>\$ 2,234,123</u>	<u>\$ 1,805,291</u>

On behalf of the Board



Chair



Executive Director

See accompanying notes to the financial statements.

The Living City Foundation

Statement of Cash Flows

Year ended December 31

2012

2011

(unaudited)

Increase (decrease) in cash and cash equivalents

	2012	2011
Operating activities		
Excess (deficiency) of revenue over expenditures	\$ 12,629	\$ (182,424)
Unrealized loss (gain) on investments	<u>4,670</u>	<u>(14,892)</u>
	17,299	(197,316)
Changes in non-cash working capital		
Accounts receivable	1,343	25,779
Interest receivable	(552)	165
Payables and accruals	38,898	(49,301)
Due to Toronto and Region Conservation Authority	<u>161,922</u>	<u>660,557</u>
	218,910	439,884
Investing activities		
Purchases of investments (net)	<u>(117,321)</u>	<u>(258,302)</u>
Increase in cash and cash equivalents	101,589	181,582
Cash and cash equivalents, beginning of year	<u>262,071</u>	<u>80,489</u>
Cash and cash equivalents, end of year	\$ <u>363,660</u>	\$ <u>262,071</u>

See accompanying notes to the financial statements.

The Living City Foundation

Notes to the Financial Statements

December 31, 2012

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.

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.

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 grants

Donations and grants are recorded when received and are allocated to the fund specified by the donor.

Donations-in-kind are recorded at estimated fair market value. During 2012, the Foundation received \$22,148 of such donations-in-kind (2011 – \$36,694).

Sponsorship revenues

Sponsorship revenues are donations for various events that the Foundation organizes. These revenues are recognized and recorded when the event has occurred and collection is reasonably assured.

The Living City Foundation

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies (continued)

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.

Investments

Investments consist of guaranteed investment certificates and government 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.

The Living City Foundation

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies (continued)

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.

3. First-time adoption of ASNPO-based accounting standards

These financial statements are the Foundation's first financial statements prepared under ASNPO. The accounting policies presented in Note 2 to the financial statements were used to prepare the financial statements for the year ended December 31, 2012, the comparative information and the opening statement of financial position as at the date of transition.

The date of transition to ASNPO is January 1, 2011. The Foundation's transition from Canadian Generally Accepted Accounting Policies ("previous GAAP") to ASNPO has had no impact on the opening net assets as at December 31, 2011 or the statement of revenue and expenditures for the year ended December 31, 2011, or the statement of cash flows for the year ended December 31, 2011.

As a result, although the statement of financial position as at January 1, 2011 has been provided, the reconciliations and disclosures required by Section 1500 *First-time adoption*, for the net assets at the transition date, the comparative period revenue and expenditures and the cash flow statement are not necessary and have not been presented in these financial statement notes.

4. 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. 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.

The Living City Foundation

Notes to the Financial Statements

December 31, 2012

5. Administration, operating and fundraising expenditures	<u>2012</u>	<u>2011</u> (unaudited)
Salaries, wages and benefits	\$ 74,514	\$ 67,582
Office and general	25,357	34,421
Computer equipment and software	10,703	12,334
Legal and audit fees	6,955	14,590
Travel and meetings	2,129	3,706
Fundraising (Operating Fund)	<u>529,977</u>	<u>312,072</u>
	649,635	444,705
Fundraising projects fund	<u>116,340</u>	<u>150,072</u>
	\$ 765,975	\$ 594,777

6. 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.

7. Expense allocation

Salaries and benefits are allocated based on staff estimates of time spent on each functional area.

In 2012, \$309,170 (2011 - \$284,987) of salaries and benefits were allocated to the operating fund while \$24,626 (2011 - \$13,231) of salaries and benefits were allocated to the project fund.

The Living City Foundation

Notes to the Financial Statements

December 31, 2012

8. Comparison to budget

The following comparison of budget to actual for 2012 is provided for information purposes. Budget amounts are unaudited.

	2012 <u>Budget</u>	2012 <u>Actual</u>
Revenue		
Donations and grants	\$ 2,212,100	\$ 2,548,186
Investment income	47,000	51,393
Unrealized loss in market value of investments	<u>-</u>	<u>(4,670)</u>
	<u>2,259,100</u>	<u>2,594,909</u>
Expenditures		
Grants to the Toronto and Region Conservation Authority	1,457,500	1,691,241
Environmental Leaders of Tomorrow program	-	125,064
Administrative and operating	107,400	119,658
Fundraising	<u>726,500</u>	<u>646,317</u>
	<u>2,291,400</u>	<u>2,582,280</u>
(Deficiency) excess of revenue over expenditures	<u>\$ (32,300)</u>	<u>\$ 12,629</u>