

Financial Statements of

**THE LIVING CITY
FOUNDATION**

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

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, 2017, the statements of revenue and expenditures and fund balances and cash flows for the year then ended, 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 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 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.



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Basis for Qualified Opinion

In common with many not-for-profit organizations, The Living City Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue for the year ended December 31, 2017 was limited to the amounts recorded in the records of The Living City Foundation. Therefore, we were not able to determine, respectively, whether, as at and for the year ended December 31, 2017, any adjustments might be necessary to donations and fundraising revenue and excess of revenue over expenditures reported in the statements of revenue and expenditures, excess of revenue over expenditures reported in the statements of cash flows and current assets and fund balances reported in the statements of financial position.

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 as at December 31, 2017, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 2, 2018
Vaughan, Canada

THE LIVING CITY FOUNDATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 1,248,513	\$ 2,166,712
Investments (note 2)	3,792,640	2,984,891
Accounts receivable	1,171,002	15,513
	<u>\$ 6,212,155</u>	<u>\$ 5,167,116</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,422,714	\$ 2,081,880
Fund balances:		
Externally Restricted Funds (note 6)	3,892,904	3,532,088
Operating Fund deficit	(103,463)	(446,852)
	<u>3,789,441</u>	<u>3,085,236</u>

Subsequent event (note 7)

	<u>\$ 6,212,155</u>	<u>\$ 5,167,116</u>
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See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE LIVING CITY FOUNDATION

Statement of Revenue and Expenditures and Fund Balances

Year ended December 31, 2017, with comparative information for 2016

			2017	2016
	Externally Restricted Funds	Operating Fund	Total	Total
Revenue:				
Donations, grants and fundraising (note 1(d))	\$ 5,345,895	\$ 479,525	\$ 5,825,420	\$ 3,429,575
Investment interest	3,454	105,097	108,551	88,218
Unrealized loss on investments	–	(2,985)	(2,985)	(42,665)
	5,349,349	581,637	5,930,986	3,475,128
Expenditures:				
Grants (note 4)	4,696,600	30,137	4,726,737	1,899,557
Contract services	20,000	75,449	95,449	77,659
Administration, operating and fundraising (note 3)	–	404,595	404,595	549,232
	4,716,600	510,181	5,226,781	2,526,448
Excess of revenue over expenditures	632,749	71,456	704,205	948,680
Fund balances, beginning of year	3,532,088	(446,852)	3,085,236	2,136,556
Transfer to operating fund	(271,933)	271,933	–	–
Fund balances, end of year	\$ 3,892,904	\$ (103,463)	\$ 3,789,441	\$ 3,085,236

See accompanying notes to financial statements.

THE LIVING CITY FOUNDATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 704,205	\$ 948,680
Unrealized loss on investments	2,985	42,665
Change in non-cash operating working capital:		
Accounts receivable	(1,155,489)	92,362
Accounts payable and accrued liabilities	340,834	(56,178)
	(107,465)	1,027,529
Investing activities:		
Purchase of investments	(1,498,429)	(984,748)
Proceeds on maturity of investments	699,999	1,299,999
Change in investment interest receivable	(12,304)	(27,535)
	(810,734)	287,716
Increase (decrease) in cash	(918,199)	1,315,245
Cash, beginning of year	2,166,712	851,467
Cash, end of year	\$ 1,248,513	\$ 2,166,712

See accompanying notes to financial statements.

THE LIVING CITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

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 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. Expenditures 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.

THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 2017, the Foundation recorded \$32,097 of such donations-in-kind (2016 - \$37,484).

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 costs. Investments acquired prior to 2017 are irrevocably subsequently measured at fair value. Effective January 1, 2017, the Foundation has irrevocably elected to subsequently measure its investments acquired in the current year at amortized cost, and related transaction costs are expensed as incurred. All changes in fair value of the Foundation's investments acquired prior to 2017 are recorded in the statement of revenue and expenditures and fund balances.

All other financial instruments, including cash, accounts receivable, amounts due to the Authority 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 expenditures during the year. Actual results could differ from those estimates.

THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Investments:

Investments comprise fixed income investments with the following interest rates and maturity date ranges:

	2017	2016
Corporate bonds (1.51% - 3.33%, November 15, 2018 - September 25, 2025)	\$ 1,545,653	\$ 1,268,824
Government bonds (1.75% - 2.40%, June 21, 2018 - December 1, 2022)	1,503,165	779,011
Guaranteed investment certificates (2.05% - 2.25%, October 10, 2018 - May 8, 2020)	743,822	937,056
	<u>\$ 3,792,640</u>	<u>\$ 2,984,891</u>

Included in the table above are \$739,125 of corporate bonds, \$793,995 of government bonds and \$743,822 of guaranteed investment certificates carried at fair value with an unrealized loss of \$26,795 (2016 - \$23,810). The remaining investments are carried at amortized costs (note 1(e)).

3. Administration, operating and fundraising expenditures:

	2017	2016
Salaries, wages, benefits and employee development	\$ 312,689	\$ 457,299
Software, equipment and communications	18,425	28,750
Advertising and promotional materials	13,404	19,492
Event entertainment	12,430	4,225
Bank and credit card fees	10,048	8,567
Travel, meals and accommodation	10,000	10,936
Supplies	9,207	7,870
Other	6,998	4,097
Gifts in-kind	6,000	1,100
Audit fees	5,394	6,896
	<u>\$ 404,595</u>	<u>\$ 549,232</u>

THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Amounts contributed to/from the Authority:

Included in grants are amounts paid to the Authority of \$4,664,687 (2016 - \$1,578,272) and external grants to Environmental Leaders of Tomorrow program recipients of \$23,913 (2016 - \$321,285).

Included in accounts payable and accrued liabilities are amounts due to the Authority of \$2,387,652 (2016 - \$2,071,044), which are non-interest bearing, are unsecured and have no specified repayment terms.

5. 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. There has been no change to the risk exposure from 2016.

(b) Liquidity risk:

The Foundation is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. There has been no change to the risk exposure from 2016.

THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Externally Restricted Funds:

	2017	2016
Project Funds:		
Environmental Projects Funds	\$ 2,511,615	\$ 2,334,050
Paddle the Don Fund	445,012	507,794
Black Creek Pioneer Village Funds	385,540	265,431
Conservation Field Centres Funds	278,642	136,314
Sauriol and Buckles Fund	73,749	71,975
Durham Conservation Fund	51,121	50,535
Kortright Centre for Conservation Funds	4,487	18,587
Conservation Parks Funds	3,380	3,136
Charles Sauriol Environmental Land Fund	–	10
Ontario Conservation Journeys Program Fund (i)	95,402	94,308
B. Harper Bull Fellowship Awards Fund (ii)	43,956	49,948
	<u>\$ 3,892,904</u>	<u>\$ 3,532,088</u>

(i) Ontario Conservation Journeys Program:

The Foundation holds funds 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 2017, this fund earned investment income of \$1,094 (2016 - \$1,466).

(ii) 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 2017, this fund received donations of \$1,500 (2016 - \$1,800) and earned investment income of \$567 (2016 - \$866). Further in 2017, this fund disbursed scholarships of \$8,000 (2016 - \$8,000) and transferred \$59 to the operating fund (2016 - \$108).

THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Subsequent event:

In 2018, the Foundation entered into a three year, \$10,000,000 agreement with a private foundation to facilitate the implementation of The Meadoway project.