



Financial Statements

The Living City Foundation

December 31, 2013

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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, 2013, 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 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, 2013 and assets and the fund balances as at December 31, 2013.

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, 2013, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

Note 7 includes budgeted amounts for the year ended December 31, 2013 which are unaudited.

Toronto, Canada
April 30, 2014

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

The Living City Foundation

Statement of Revenue and Expenditures and Fund Balances

Year ended December 31

	Externally Restricted					Operating Fund	Total 2013	Total 2012
	Projects Fund	B. Harper Bull Fellowship Awards Fund (Note 3)	Conservation Journeys Program	Internally Restricted Projects Fund	Ontario			
Revenue								
Donations and fundraising (Note 2)	\$ 2,085,139	\$ -	\$ -	\$ 108,275	\$ -	\$ 598,135	\$ 2,791,549	\$ 2,548,186
Investment income	2,453	1,258	1,442	737	-	49,163	55,053	51,393
Unrealized loss in market value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,265)</u>	<u>(14,265)</u>	<u>(14,265)</u>	<u>(4,670)</u>
	<u>2,087,592</u>	<u>1,258</u>	<u>1,442</u>	<u>109,012</u>	<u>633,033</u>	<u>2,832,337</u>	<u>2,594,909</u>	<u>2,594,909</u>
Expenditures								
Grants to the Toronto and Region Conservation Authority	1,493,217	-	-	61,000	69,528	1,623,745	1,691,241	1,691,241
Environmental Leaders of Tomorrow program	251,757	-	-	-	-	251,757	125,064	125,064
Administration, operating and fundraising (Note 4)	<u>1,442</u>	<u>-</u>	<u>-</u>	<u>374</u>	<u>614,889</u>	<u>616,705</u>	<u>765,975</u>	<u>765,975</u>
	<u>1,746,416</u>	<u>-</u>	<u>-</u>	<u>61,374</u>	<u>684,417</u>	<u>2,492,207</u>	<u>2,582,280</u>	<u>2,582,280</u>
Excess (deficiency) of revenue over expenditures	341,176	1,258	1,442	47,638	(51,384)	340,130	12,629	12,629
Fund balances, beginning of year	940,761	58,660	88,311	509,478	(440,436)	1,156,774	1,144,145	1,144,145
Transfer between funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,311)</u>	<u>28,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,281,937</u>	<u>\$ 59,918</u>	<u>\$ 89,753</u>	<u>\$ 528,805</u>	<u>\$ (463,509)</u>	<u>\$ 1,496,904</u>	<u>\$ 1,156,774</u>	<u>\$ 1,156,774</u>

See accompanying notes to the financial statements.

The Living City Foundation

Statement of Financial Position

December 31

2013

2012

Assets

Current

Cash and cash equivalents	\$ 658,798	\$ 363,660
Investments	1,717,907	2,056,766
Accounts receivable	18,896	25,686
Interest receivable	<u>2,535</u>	<u>1,460</u>
	<u>\$ 2,398,136</u>	<u>\$ 2,447,572</u>

Liabilities

Current

Payables and accruals	\$ 3,820	\$ 84,324
Due to Toronto and Region Conservation Authority (Note 5)	<u>897,412</u>	<u>1,206,474</u>
	<u>901,232</u>	<u>1,290,798</u>

Fund Balances

Externally restricted funds

Projects Fund	1,281,937	940,761
B. Harper Bull Fellowship Awards Fund	59,918	58,660
Ontario Conservation Journeys Program	89,753	88,311
Internally restricted Projects Fund	528,805	509,478
Operating Fund deficit - unrestricted	<u>(463,509)</u>	<u>(440,436)</u>
	<u>1,496,904</u>	<u>1,156,774</u>
	<u>\$ 2,398,136</u>	<u>\$ 2,447,572</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

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities		
Excess of revenue over expenditures	\$ 340,130	\$ 12,629
Unrealized loss on investments	<u>14,265</u>	<u>4,670</u>
	354,395	17,299
Changes in non-cash working capital		
Accounts receivable	6,790	1,343
Interest receivable	(1,075)	(552)
Payables and accruals	(80,504)	38,898
Due to Toronto and Region Conservation Authority	<u>(309,062)</u>	<u>161,922</u>
	(29,456)	218,910
Investing activities		
Purchases of investments	(1,491,976)	(973,271)
Proceeds from maturing investments	<u>1,816,570</u>	<u>855,950</u>
	324,594	(117,321)
Increase in cash and cash equivalents	295,138	101,589
Cash and cash equivalents, beginning of year	<u>363,660</u>	<u>262,071</u>
Cash and cash equivalents, end of year	<u>\$ 658,798</u>	<u>\$ 363,660</u>

See accompanying notes to the financial statements.

The Living City Foundation

Notes to the Financial Statements

December 31, 2013

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.

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 2013, the Foundation received \$35,691 of such donations-in-kind (2012 – \$22,148).

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.

The Living City Foundation

Notes to the Financial Statements

December 31, 2013

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.

The Living City Foundation

Notes to the Financial Statements

December 31, 2013

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.

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.

4. Administration, operating and fundraising expenditures

	<u>2013</u>	<u>2012</u>
Salaries, wages and benefits	\$ 111,266	\$ 74,514
Office and general	27,712	25,357
Computer equipment and software	20,178	10,703
Legal and audit fees	4,964	6,955
Travel and meetings	6,571	2,129
Fundraising (Operating Fund)	<u>444,198</u>	<u>529,977</u>
	614,889	649,635
Fundraising (Projects Fund – internally and externally restricted)	<u>1,816</u>	<u>116,340</u>
	<u>\$ 616,705</u>	<u>\$ 765,975</u>