

Financial Statements of

**THE LIVING CITY  
FOUNDATION**

Year ended December 31, 2016



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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, 2016, 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 of 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, 2015 by the predecessor auditors was limited to the amounts recorded in the records of The Living City Foundation. Therefore, we, and the predecessor auditors, were not able to determine, respectively, whether, as at and for the years ended December 31, 2016 and December 31, 2015, any adjustments might be necessary to donations and fundraising revenue and excess (deficiency) 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 net assets reported in the statements of financial position. This caused the predecessor auditor to qualify their audit opinion on the financial statements as at and for the year ended December 31, 2015.

*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, 2016, 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.

*Other Matter*

The financial statements of The Living City Foundation, as at and for the year ended December 31, 2015, were audited by another auditor who expressed a qualified opinion on those financial statements on April 27, 2016 due to matter described in the Basis of Qualified Opinion paragraph.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

May 3, 2017  
Vaughan, Canada

# THE LIVING CITY FOUNDATION

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 2,166,712	\$ 851,467
Investments (note 2)	2,984,891	3,315,272
Accounts receivable	15,513	107,875
	<u>\$ 5,167,116</u>	<u>\$ 4,274,614</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,081,880	\$ 2,138,058
Fund balances:		
Externally Restricted Funds:		
Projects Fund (note 6)	3,387,832	2,490,157
B. Harper Bull Fellowship Awards Fund (note 1(b))	49,948	55,390
Ontario Conservation Journeys Program (note 1(b))	94,308	92,842
	<u>3,532,088</u>	<u>2,638,389</u>
Operating Fund deficit	(446,852)	(501,833)
	<u>3,085,236</u>	<u>2,136,556</u>
	<u>\$ 5,167,116</u>	<u>\$ 4,274,614</u>

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, 2016, with comparative information for 2015

			2016	2015
	Externally Restricted Funds	Operating Fund	Total	Total
<b>Revenue:</b>				
Donations, grants and fundraising (note 1(d))	\$ 2,901,929	\$ 527,646	\$ 3,429,575	\$ 2,688,917
Investment interest	4,825	83,393	88,218	71,093
Unrealized gain (loss) on investments	—	(42,665)	(42,665)	10,459
	<u>2,906,754</u>	<u>568,374</u>	<u>3,475,128</u>	<u>2,770,469</u>
<b>Expenditures:</b>				
Grants (note 4)	1,894,502	5,055	1,899,557	1,874,177
Contract services (note 4)	20,000	57,659	77,659	166,605
Administration, operating and fundraising (note 3)	—	549,232	549,232	651,319
	<u>1,914,502</u>	<u>611,946</u>	<u>2,526,448</u>	<u>2,692,101</u>
Excess (deficiency) of revenue over expenditures	992,252	(43,572)	948,680	78,368
Fund balances, beginning of year	2,638,389	(501,833)	2,136,556	2,058,188
Transfer to operating fund	(98,553)	98,553	—	—
<b>Fund balances, end of year</b>	<b>\$ 3,532,088</b>	<b>\$ (446,852)</b>	<b>\$ 3,085,236</b>	<b>\$ 2,136,556</b>

See accompanying notes to financial statements.

# THE LIVING CITY FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 948,680	\$ 78,368
Unrealized loss (gain) on investments	42,665	(10,459)
Change in non-cash operating working capital:		
Accounts receivable	92,362	(84,537)
Accounts payable and accrued liabilities	(56,178)	516,420
	<u>1,027,529</u>	<u>499,792</u>
Investing activities:		
Purchases of investments	(984,748)	(1,250,000)
Proceeds on sale of investments	1,299,999	600,000
Change in investment interest receivable	(27,535)	(41,091)
	<u>287,716</u>	<u>(691,091)</u>
Increase (decrease) in cash	1,315,245	(191,299)
Cash, beginning of year	851,467	1,042,766
Cash, end of year	<u>\$ 2,166,712</u>	<u>\$ 851,467</u>

See accompanying notes to financial statements.

# THE LIVING CITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2016

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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 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.

The Foundation's four funds are as follows:

#### (i) Projects Fund (Externally restricted):

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

# THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (ii) Ontario Conservation Journeys Program (Externally restricted):

The Foundation holds funds in trust 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 2016, this fund earned investment income of \$1,466 (2015 - \$1,530).

### (iii) B. Harper Bull Fellowship Awards Fund (Externally restricted):

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. The movement in this fund is as follows:

	2016	2015
Fund balance, opening	\$ 55,390	\$ 60,959
Add:		
Donation	1,800	1,500
Investment income	866	1,021
Less:		
Scholarships	8,000	8,000
Transfer to operating fund	108	90
Fund balance, closing	\$ 49,948	\$ 55,390

### (iv) Operating Fund:

The Operating Fund, through unrestricted donations and other funding sources, uses revenue to pay the administrative, operating and fundraising costs of the Foundation.

# THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition

Donations are recorded when received, and 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.

### (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 2016, the Foundation recorded \$37,484 of such donations-in-kind (2015 - \$21,349).

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 recorded at fair value when acquired and related transaction costs are expensed as incurred. The Foundation has irrevocably elected to subsequently 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 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.

# THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 1. Significant accounting policies (continued):

(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.

## 2. Investments:

Investments comprise the following:

	2016	2015
Fixed income investments:		
Corporate bonds	\$ 1,268,824	\$ 1,160,198
Guaranteed investment certificates	937,056	1,626,677
Government bonds	779,011	528,397
	<u>\$ 2,984,891</u>	<u>\$ 3,315,272</u>

## 3. Administration, operating and fundraising expenditures:

	2016	2015
Operating Funds:		
Salaries, wages, benefits and employee development	\$ 457,299	\$ 469,474
Software, equipment and communications	28,750	33,120
Advertising and promotional materials	19,492	59,451
Travel, meals and accommodation	10,936	13,870
Bank and credit card fees	8,567	9,069
Supplies	7,870	8,649
Audit fees	6,896	7,046
Other	5,197	9,078
Event entertainment	4,225	31,182
	<u>549,232</u>	<u>640,939</u>
Restricted Funds:		
Promotional materials	—	10,000
Other	—	380
	<u>—</u>	<u>10,380</u>
	<u>\$ 549,232</u>	<u>\$ 651,319</u>

# THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 4. Amounts contributed to the Authority:

Included in grants are amounts paid to the Authority of \$1,578,272 (2015 - \$1,561,931) and external grants to Environmental Leaders of Tomorrow program recipients of \$321,285 (2015 - \$304,246). Included in contract services are amounts paid to the Authority of nil (2015 - \$115,418).

Included in accounts payable and accrued liabilities are amounts due to the Authority of \$2,071,044 (2015 - \$2,019,402), 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. Further details about the Foundation's fixed income investments are included in note 2. The Foundation mitigates this risk through controls to monitor and limit concentration levels. There has been no change to the risk exposure from 2015.

### (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 2015.

# THE LIVING CITY FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 6. Projects Fund:

The Projects Fund consists of the following externally restricted project balances:

	2016	2015
Environmental Projects - various funds	\$ 2,334,050	\$ 1,030,529
Paddle the Don Fund	507,794	419,758
Black Creek Pioneer Village - various funds	265,431	214,524
Conservation Field Centres - various funds	136,314	696,985
Sauriol and Buckles Fund	71,975	70,856
Durham Conservation Trust	50,535	49,749
Kortright Centre for Conservation	18,587	4,487
Conservation Parks	3,136	2,647
Charles Sauriol Environmental Land Trust	10	622
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	\$ 3,387,832	\$ 2,490,157

## 7. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year.