

Financial Statements of

**FRIENDS OF THE
GREENBELT FOUNDATION**

Year ended March 31, 2018



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

INDEPENDENT AUDITORS' REPORT

To the Members of Friends of the Greenbelt Foundation

We have audited the accompanying financial statements of Friends of the Greenbelt Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in 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 audit opinion.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Friends of the Greenbelt Foundation as at March 31, 2018 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

July 5, 2018
Vaughan, Canada

FRIENDS OF THE GREENBELT FOUNDATION

(Incorporated as a corporation without share capital under the laws of Ontario)

Statement of Financial Position

March 31, 2018, with comparative information for 2017

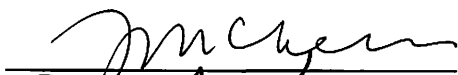
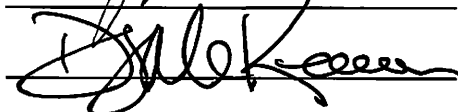
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,811,751	\$ 189,090
Short-term investments (note 2)	—	1,108,104
Accounts receivable (note 3)	123,852	90,266
Prepaid expenses	22,098	18,258
	<u>2,957,701</u>	<u>1,405,718</u>
Long-term investments (note 2)	1,561,934	3,688,379
Capital assets (note 5)	3,715	962
	<u>\$ 4,523,350</u>	<u>\$ 5,095,059</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 102,091	\$ 282,481
Grants payable	76,282	68,757
Deferred revenue (note 4)	1,584,099	—
	<u>1,762,472</u>	<u>351,238</u>
Fund balances:		
Internally restricted funds (note 6)	2,792,564	2,800,662
Unrestricted	(31,686)	1,943,159
	<u>2,760,878</u>	<u>4,743,821</u>
Commitments (note 7)		
	<u>\$ 4,523,350</u>	<u>\$ 5,095,059</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Province of Ontario (note 4)	\$ 466,398	\$ –
Investment	71,714	67,273
Fundraising and other	36,998	33,413
	575,110	100,686
Expenditures:		
Salaries and benefits (note 3)	1,192,347	1,103,410
Grants	427,675	578,133
Programs	318,513	306,400
Public awareness	253,349	278,626
Occupancy costs	96,293	80,308
Office and general	84,652	68,964
Research	71,434	147,569
Professional fees	68,213	21,383
Consulting fees	27,784	85,851
Travel (note 3)	9,277	9,787
Insurance	6,178	4,955
Amortization	2,338	4,546
	2,558,053	2,689,932
Deficiency of revenue over expenditures	\$ (1,982,943)	\$ (2,589,246)

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	2018			2017
	Internally restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 2,800,662	\$ 1,943,159	\$ 4,743,821	\$ 7,333,067
Deficiency of revenue over expenditures	—	(1,982,943)	(1,982,943)	(2,589,246)
Internally imposed restrictions (note 6)	(8,098)	8,098	—	—
Fund balances, end of year	\$ 2,792,564	\$ (31,686)	\$ 2,760,878	\$ 4,743,821

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenditures	\$ (1,982,943)	\$ (2,589,246)
Items not involving cash:		
Amortization	2,338	4,546
Unrealized loss on fair value of short-term and long-term investments	3,451	32,724
Change in non-cash operating working capital:		
Accounts receivable	(33,586)	(16,881)
Prepaid expenses	(3,840)	6,164
Accounts payable and accrued liabilities	(180,390)	(106,153)
Grants payable	7,525	68,757
Deferred revenue	1,584,099	—
	(603,346)	(2,600,089)
Investing activities:		
Redemption of investments	6,300,103	4,145,723
Purchase of investments	(3,069,005)	(1,510,632)
Purchase of capital assets	(5,091)	—
	3,226,007	2,635,091
Increase in cash and cash equivalents	2,622,661	35,002
Cash and cash equivalents, beginning of year	189,090	154,088
Cash and cash equivalents, end of year	\$ 2,811,751	\$ 189,090

See accompanying notes to financial statements.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

The Friends of the Greenbelt Foundation (the "Foundation") was incorporated without share capital on March 29, 2005. The Foundation's mission is to nurture and support activities that preserve and enhance the Greenbelt's agricultural, rural and ecological integrity. Public awareness and appreciation of the Greenbelt is also an important element of the Foundation's work. The Foundation is registered as a public foundation under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

During the year ended March 31, 2012, a contribution of \$20,000,000 was received from the Ministry of Municipal Affairs and Housing.

On January 1, 2018, the Foundation signed a transfer payment agreement with the Ministry of Environment and Climate Change (the "MOECC") for a total maximum program funding contribution of \$12,000,000 to enable the Foundation to carry out its program initiatives. Program funding is receivable in \$4,000,000 tranches over the term of the agreement in calendar year 2018, 2019 and 2020. During fiscal 2018, \$2,050,497 was received from the MOECC (note 4).

The Greenbelt Fund (the "Fund") was incorporated by Letters Patent without share capital on June 30, 2010. The Fund is a not-for-profit organization under the Income Tax Act (Canada), set up to: (a) preserve, protect and restore the agricultural integrity and the environment of the Greenbelt and Ontario; (b) make grants to and support organizations for the purpose of promoting agriculture and viticulture in the Greenbelt and Ontario; (c) conduct non-partisan political advocacy in respect of the Greenbelt, agriculture, planning and the environment and such other complimentary purposes not inconsistent with these objects. The Foundation has the ability to control the Fund by virtue of common membership in the Boards of Directors of the two organizations.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Revenue recognition:

Program funding for expenditures of the current year is recognized as revenue when received. Program funding received for expenditures of future years is deferred and recognized as revenue in the same year as the related expenditures are recognized.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

Fundraising and other revenue received in advance of the event is deferred in current liabilities until the event takes place.

Investment income is recorded on an accrual basis and includes interest income.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on account and investments in money market instruments and term deposits with original maturities of less than 90 days at the date of the acquisition.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

1. Significant accounting policies (continued):

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from financial instruments.

(d) Capital assets:

Capital assets are stated at cost. All assets over \$1,500 are capitalized. Amortization is provided on a straight-line basis as follows:

Computer hardware and software	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	3 years
Leasehold improvements	Term of lease

(e) Allocation of expenditures:

The Foundation does not classify expenditures by function and does not allocate expenditures between functions on the statement of operations.

(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. Amounts subject to significant estimates and assumptions include the carrying value of capital assets. Actual results could differ from those estimates.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

2. Investments:

In 2017, short-term investments included term deposits with maturities of one year or less from the date of acquisition, with interest rates of 1.72% and with maturity dates between August 25, 2016 and August 25, 2017.

In 2017, long-term investments include term deposits with maturities of one year or more from the date of acquisition, with interest rates ranging from 2.58% to 5.53% with maturity dates between April 13, 2017 and June 2, 2018. As at March 31, 2018, long-term investments include a strip bond which matures on June 2, 2018.

The Foundation does not enter into any derivative arrangements for hedging or speculative purposes.

3. Greenbelt Fund:

Related party transaction reimbursements consisted of amounts included in salaries and benefits of \$38,124, representing reimbursements received by the Fund from the Foundation (2017 - \$11,242 representing amounts paid by the Fund to the Foundation) for the use of the shared resources during the year.

During the year, nil (2017 - \$1) was paid by the Fund to the Foundation for OntarioFresh website transferred by the Foundation to the Fund.

Accounts payable and accrued liabilities include an amount of \$8,699 (2017 - accounts receivable - \$9,763) due to the Fund.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

3. Greenbelt Fund (continued):

A summary of the financial information for the Fund is as follows:

	2018	2017
Total assets	\$ 2,037,279	\$ 2,238,471
Total liabilities	2,024,010	2,191,551
Fund excess	\$ 13,269	\$ 46,920

A summary of the financial information for the Fund for the year ended March 31 is as follows:

	2018	2017
Revenue	\$ 3,169,843	\$ 1,732,502
Expenditures	3,203,494	1,712,342
Excess (deficiency) of revenue over expenditures	\$ (33,651)	\$ 20,160
Cash provided by (used in):		
Operating activities	\$ (223,155)	\$ 376,318
Investing activities	(408,638)	(250,000)

4. Deferred revenue:

During fiscal 2017, the Foundation received \$2,050,497 as per transfer payment agreement with MOECC. The Foundation recognized \$466,398 as revenue, based on the eligible expenditures incurred in the current fiscal year. The remaining \$1,584,099 has been deferred as at March 31, 2018, related to funding for expenditures of the next fiscal year. The agreement outlines that any funds remaining unspent at December 31, 2018 may be required to be returned to the MOECC. The Foundation expects and intends to spend the funds received and unspent as at March 31, 2018 by the due date defined in the agreement.

	2018	2017
Balance, beginning of year	\$ —	\$ —
Amounts received	2,050,497	—
Less amounts recognized as revenue	(466,398)	—
Balance, end of year	\$ 1,584,099	\$ —

FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

5. Capital assets:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware and software	\$ 7,015	\$ 3,300	\$ 3,715	\$ 962
Furniture and fixtures	4,279	4,279	—	—
Office equipment	9,733	9,733	—	—
Vehicles	24,401	24,401	—	—
Leasehold improvements	54,938	54,938	—	—
	\$ 100,366	\$ 96,651	\$ 3,715	\$ 962

6. Internally restricted funds:

The Board of Directors has set aside the remaining amounts from the first \$25,000,000 grant from the Ontario government. The purpose of this restricted fund is to undertake activities in line with the Foundation's charitable purposes but only after the recent \$20,000,000 contribution from the Ministry of Municipal Affairs and Housing runs out.

During 2017, the Board of Directors approved and transferred \$46,805 from unrestricted funds to internally restricted fund balances.

During 2018, the Board of Directors approved and transferred \$8,098 from internally restricted funds to unrestricted funds balances.

7. Commitments:

(a) Lease commitments:

The Foundation is committed to rental payments for its leased premises as follows:

2019	\$ 93,500
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FRIENDS OF THE GREENBELT FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2018

7. Commitments (continued):

(b) Grant payments:

The Foundation is committed to grant payments of:

2019	\$ 630,709
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(c) Program payments:

The Foundation is committed to program payments of:

2019	\$ 306,076
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8. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation in the current year.