



FRIENDS OF HIGH PARK ZOO

FINANCIAL STATEMENTS

DECEMBER 31, 2015

FRIENDS OF HIGH PARK ZOO

INDEX

DECEMBER 31, 2015

	Page
AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Friends of High Park Zoo

We have audited the accompanying financial statements of Friends of High Park Zoo, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion of 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 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 not-for-profit organizations, Friends of High Park Zoo derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Friends of High Park Zoo. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenses, and cash flows from operations for the year ending December 31, 2015, and current assets, and net assets as at December 31, 2015.

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 Friends of High Park Zoo as at December 31, 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

June 1, 2016

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

**FRIENDS OF HIGH PARK ZOO
STATEMENT OF FINANCIAL POSITION**

As at December 31	2015	2014
ASSETS		
Current		
Cash (note 6)	\$ 86,192	\$ 60,206
Short-term investments (note 3)	100,680	100,000
Accounts receivable (note 7)	172,024	110,392
Prepaid expenses	2,082	17,169
	360,978	287,767
Development costs (note 5)	29,345	-
Capital Assets (note 4)	10,963	-
	\$ 401,286	\$ 287,767
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 3,202	\$ 2,650
Deferred revenue (note 6)	210,246	110,000
	213,448	112,650
 NET ASSETS		
Invested in capital assets	10,963	-
Unrestricted net assets	176,875	175,117
	187,838	175,117
	\$ 401,286	\$ 287,767

Approved by:

Director: _____

Director: _____

See accompanying notes to the financial statements

**FRIENDS OF HIGH PARK ZOO
STATEMENT OF OPERATIONS**

Year ended December 31	2015	2014
REVENUE	\$ 35,659	\$ 28,290
EXPENSES		
Fundraising expenses	10,957	8,860
Professional fees	3,997	3,597
Insurance	2,834	2,345
Office and general	933	1,070
Amorization	4,217	-
	22,938	15,872
EXCESS OF REVENUE OVER EXPENSES	\$ 12,721	\$ 12,418
 Allocated as follows		
Unrestricted	\$ 16,938	\$ 12,418
Invested in net assets	(4,217)	-
	\$ 12,721	\$ 12,418

**FRIENDS OF HIGH PARK ZOO
STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31	2015	2014
NET ASSETS CONSIST OF:		
Invested in capital assets		
Balance, beginning of the year	\$ -	\$ -
Purchase of capital assets	15,180	-
Amortization	(4,217)	-
	<hr/>	<hr/>
Balance, end of the year	10,963	-
	<hr/>	<hr/>
Unrestricted net assets		
Balance, beginning of the year	\$ 175,117	\$ 162,699
Transfer to invested in capital assets	(15,180)	-
Excess of revenue over expenses	16,938	12,418
	<hr/>	<hr/>
Balance, end of the year	176,875	175,117
	<hr/>	<hr/>
NET ASSETS, end of the year	\$ 187,838	\$ 175,117
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**FRIENDS OF HIGH PARK ZOO
STATEMENT OF CASH FLOWS**

Year ended December 31	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 12,721	\$ 12,418
Amortization	4,217	-
Changes in non-cash working capital:		
Short-term investments	(680)	-
Accounts receivable	(61,632)	(92,837)
Prepaid expenses	15,086	(15,621)
Accounts payable and accrued liabilities	553	150
Deferred revenue	100,246	110,000
Net cash provided by operating activities	70,511	14,110
Purchase of capital assets	(15,180)	-
Development costs incurred	(29,345)	-
Net cash (used in) provided by investing activities	(44,525)	-
NET INCREASE IN CASH	25,986	14,110
CASH, beginning of the year	60,206	46,096
CASH, end of the year	\$ 86,192	\$ 60,206

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. PURPOSE OF THE ORGANIZATION

Friends of High Park Zoo (the "Organization") is a non-profit organization dedicated to the ongoing operation and the enhancement of programs and facilities for educational and recreational projects at High Park Zoo. The Organization was formed to raise the necessary funds to ensure that High Park Zoo, which was founded in 1893, could continue its operations. On January 30, 2014, the City of Toronto approved the restoration of operating funding effective January 1, 2014.

The Organization was incorporated without share capital under the laws of the Province of Ontario on March 15, 2012 and is exempt from income tax under section 149 of the Income Tax Act, however the Organization commenced its activities from February 1, 2012. The Organization is not a registered charity.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations applied in Part III of the Chartered Professional Accountants of Canada Handbook.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	<u>Rate</u>	<u>Method</u>
Furniture and fixtures	3 years	straight-line

The Organization regularly reviews its capital assets to eliminate obsolete items and fully amortized items no longer in service.

Revenue Recognition

The Organization follows the deferral method of accounting for revenue. Restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period or periods as the related expenses are recognized. Restricted contributions for expenses of the current period are recognized as revenue in the current period. Unrestricted contributions are recognized as revenue in the current period.

Contributions receivable (including grants and pledged donations) are recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured over the term specified by the donor.

Interest income is recognized as revenue when earned.

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

Donated goods and services and all other in-kind donations are recognized only when the fair market value of such services or materials can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. Services provided by volunteers are not recorded in these financial statements as the value of these services cannot be readily determined. Because of the difficulty of determining the fair value, donated goods for fundraising events are not recognized in the financial statements.

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all of its financial assets and financial liabilities at amortized cost, with the exception of investments with a quoted market price in an active market which are subsequently measured at fair value. Financial assets measured at amortized cost include cash, short-term investments and account receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Short-Term Investments

Short term investments consist of guaranteed investment certificates and are accounted for at cost. Short term investment income is charged to investment income and is included in the revenues.

Development Costs

Development costs consist of the costs related to the capital improvements such as expansion of the Zoo. Upon completion of the projects, these costs will be classified as capital assets and will be amortized over its useful life.

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 expenses during the year. Actual results could differ from those estimates.

3. SHORT-TERM INVESTMENTS

	2015	2014
Guaranteed investment certificates	\$ 100,680	\$ 100,000

The guaranteed investment certificate bears interest at 0.75% (2014: 1.25%) with a maturity date of March 1, 2016.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Furniture and fixtures	\$ 15,180	\$ 4,217	\$ 10,963	\$ -

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

5. DEVELOPMENT COSTS

Development costs consist of the costs related to the feasibility study under the master expansion plan for the zoo. The organization is expecting to start the expansion in year 2017.

6. DEFERRED REVENUE

	2015	2014
DEFERRED REVENUE, beginning of the year	\$ 110,000	\$ -
Restricted grants and donations received	100,246	110,000
	210,246	110,000
Restricted grants and donations recognized as revenue	-	-
DEFERRED REVENUE, end of the year	\$ 210,246	\$ 110,000

Deferred revenue consists of donations received for the capital improvement of the Llama Pen. Upon completion of this project, the deferred revenue will be recognized as income over the expected useful life of the Llama Pen. As of December 31, 2015, the capital improvement project has not started and, thus, no revenue has been recognized from this restricted donation.

Of this total, \$167,759 (2014: \$84,498) of the restricted contribution are included in account receivable as mentioned in Note 7 and the remaining balance of \$42,487 (2014: \$25,502) is included under cash.

7. ACCOUNTS RECEIVABLE

	2015	2014
Receivable from Toronto Parks and Trees Foundation (TPTH)	\$ 171,774	\$ 110,392
Pledges	250	-
	\$ 172,024	\$ 110,392

Accounts receivable from Toronto Parks and Trees Foundation ("Foundation") consists of the funds which were collected by the Foundation on behalf of the Organization. Of the total receivable balance from the foundation, \$167,759 (2014: \$84,498) represents the restricted contribution received for the capital improvement of the Llama Pen as mentioned in Note 6.

8. RISK MANAGEMENT

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest or market risks through its financial instruments.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to donations receivable from Toronto Parks and Trees Foundation.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's liquidity risk relates to its accounts payable and accrued liabilities. The amounts and exposure to this risk are minimal as the liabilities are small in comparison to the cash available.

FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.