



FRIENDS OF HIGH PARK ZOO

FINANCIAL STATEMENTS

DECEMBER 31, 2012

FRIENDS OF HIGH PARK ZOO

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DECEMBER 31, 2012

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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, 2012, and the statements of operations, changes in net assets, and cash flows for the period February 1, 2012 to December 31, 2012, 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 period February 1, 2012 to December 31, 2012, current assets, deferred revenues, and net assets as at December 31, 2012.

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, 2012, and the results of its operations and cash flows for the period February 1, 2012 to December 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.



December 9, 2013

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF HIGH PARK ZOO
STATEMENT OF FINANCIAL POSITION

December 31

2012

ASSETS

Current

Cash	\$ 45,938
Short-term investments (Note 3)	85,000
Accounts receivable	28,889
Prepaid expenses (Note 5)	<u>57,000</u>
	<u><u>\$ 216,827</u></u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$ 2,260
Deferred revenue (Note 6)	<u>40,000</u>
	42,260

NET ASSETS

Unrestricted	<u>174,567</u>
	<u>174,567</u>
	<u><u>\$ 216,827</u></u>

Approved by:

Director: _____

Director: _____

See accompanying notes to the financial statements

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FRIENDS OF HIGH PARK ZOO
STATEMENT OF OPERATIONS

For the period February 1 to December 31

2012

REVENUE	<u>\$ 303,697</u>
EXPENSES	
Program expenses	114,000
Fundraising expenses	11,685
Professional fees	2,260
Office and general	<u>1,185</u>
	<u>129,130</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 174,567</u></u>

See accompanying notes to the financial statements

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FRIENDS OF HIGH PARK ZOO
STATEMENT OF CHANGES IN NET ASSETS

For the period February 1 to December 31

2012

NET ASSETS CONSIST OF:

Unrestricted net assets

Balance, beginning of the period
Excess of revenue over expenses

\$ -
174,567

Balance, end of the period

174,567

NET ASSETS, end of the period

\$ 174,567

FRIENDS OF HIGH PARK ZOO
STATEMENT OF CASH FLOWS

For the period February 1 to December 31

2012

OPERATING ACTIVITIES

Excess of revenue over expenses	\$ 174,567
Changes in non-cash working capital:	
Short-term investments	(85,000)
Accounts receivable	(28,889)
Prepaid expenses	(57,000)
Accounts payable and accrued liabilities	2,260
Deferred revenue	40,000

NET CASH PROVIDED BY OPERATING ACTIVITIES

45,938

NET INCREASE IN CASH

45,938

CASH, beginning of the period

-

CASH, end of the period

\$ 45,938

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, can continue its operations.

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.

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.

FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 good for fundraising events are not recognized in the financial statements.

Financial instruments

The Organization's financial instruments consist of short-term investments, account receivable, and accounts payable and accrued liabilities. Management has elected to carry these financial instruments at fair value.

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

	<u>2012</u>
Guaranteed investment certificates	<u>\$ 85,000</u>

Short term investment income is recorded as earned and is included in the revenues.

FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

4. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Organization is exposed to the following risks through its financial instruments at the balance sheet date:

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.

5. PREPAID EXPENSES

Included in prepaid expenses are amounts of \$57,000 paid during fiscal 2012 to the City of Toronto by Toronto Parks and Trees Foundation (on behalf of Friends of High Park Zoo) related to program expenses for fiscal 2013. These amounts will be recognized as expenses in the statement of operations during the fiscal year 2013 as the program expenses are incurred.

6. DEFERRED REVENUE

Deferred revenue of \$40,000 consists of donations received in fiscal 2012 with a restriction specified by donors that these funds will be used in fiscal 2013. These restricted contributions will be recognized as revenue in the fiscal year 2013 when related expense will be incurred.