



FRIENDS OF HIGH PARK ZOO

FINANCIAL STATEMENTS

DECEMBER 31, 2016

FRIENDS OF HIGH PARK ZOO

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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, 2016, 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, 2016, and current assets, and net assets as at December 31, 2016.

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, 2016, 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 29, 2017

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF HIGH PARK ZOO
STATEMENT OF FINANCIAL POSITION

As at December 31	2016	2015
ASSETS		
Current		
Cash (note 6)	\$ 104,171	\$ 86,192
Short-term investments (note 3)	101,425	100,680
Accounts receivable (note 7)	113,736	172,024
Prepaid expenses	2,139	2,082
	<u>321,471</u>	<u>360,978</u>
Development costs (note 5)	146,171	29,345
Capital Assets (note 4)	5,903	10,963
	<u>\$ 473,545</u>	<u>\$ 401,286</u>
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 33,108	\$ 3,202
Deferred contributions (note 6)	250,246	210,246
	<u>283,354</u>	<u>213,448</u>
 NET ASSETS		
Invested in capital assets	5,903	10,963
Unrestricted net assets	184,288	176,875
	<u>190,191</u>	<u>187,838</u>
	<u>\$ 473,545</u>	<u>\$ 401,286</u>

Approved by:

Director: _____

Director: _____

FRIENDS OF HIGH PARK ZOO
STATEMENT OF OPERATIONS

Year ended December 31	2016	2015
CONTRIBUTIONS	\$ 35,290	\$ 35,659
EXPENSES		
Fundraising expenses	19,145	10,957
Professional fees	4,159	3,997
Insurance	2,956	2,834
Office and general	1,617	933
Amorization	5,060	4,217
	32,937	22,938
EXCESS OF REVENUE OVER EXPENSES	\$ 2,353	\$ 12,721
Allocated as follows		
Unrestricted	\$ 7,413	\$ 16,938
Invested in net assets	(5,060)	(4,217)
	\$ 2,353	\$ 12,721

FRIENDS OF HIGH PARK ZOO
STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31	2016	2015
NET ASSETS CONSIST OF:		
Invested in capital assets		
Balance, beginning of the year	\$ 10,963	\$ -
Purchase of capital assets	-	15,180
Amortization	(5,060)	(4,217)
	<u>5,903</u>	<u>10,963</u>
Balance, end of the year		
Unrestricted net assets		
Balance, beginning of the year	\$ 176,875	\$ 175,117
Transfer to invested in capital assets	-	(15,180)
Excess of revenue over expenses	7,413	16,938
	<u>184,288</u>	<u>176,875</u>
Balance, end of the year		
NET ASSETS, end of the year	<u>\$ 190,191</u>	<u>\$ 187,838</u>

FRIENDS OF HIGH PARK ZOO
STATEMENT OF CASH FLOWS

Year ended December 31	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 2,353	\$ 12,721
Amortization	5,060	4,217
Changes in non-cash working capital:		
Short-term investments	(745)	(680)
Accounts receivable	58,288	(61,632)
Prepaid expenses	(57)	15,086
Accounts payable and accrued liabilities	29,906	553
Deferred contributions	40,000	100,246
Net cash provided by operating activities	<u>134,805</u>	<u>70,511</u>
Purchase of capital assets	-	(15,180)
Development costs incurred	(116,826)	(29,345)
Net cash used in investing activities	<u>(116,826)</u>	<u>(44,525)</u>
NET INCREASE IN CASH	17,979	25,986
CASH, beginning of the year	<u>86,192</u>	<u>60,206</u>
CASH, end of the year	<u>\$ 104,171</u>	<u>\$ 86,192</u>

FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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

	2016	2015
Guaranteed investment certificates	\$ 101,425	\$ 101,425

The guaranteed investment certificate bears interest at 0.75% (2015: 0.75%) with a maturity date of February 26, 2017.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Furniture and fixtures	\$ 15,180	\$ 9,277	\$ 5,903	\$ 10,963

FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
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5. DEVELOPMENT COSTS

	2016	2015
Development costs - Master expansion plan	\$ 107,653	\$ 29,345
Development costs - Capital improvement of Llama Pen	\$ 38,518	-
	<u>\$ 146,171</u>	<u>\$ 29,345</u>

Development costs consist of the costs related to the master expansion plan for the Zoo and capital improvement of the Llama Pen. The organization has started the master expansion in year 2017 and is expecting to finish this by end of year 2018. During the year, Zoo spent \$63,020 on this master expansion plan from the funds which were restricted for the capital improvement of Llama Pen upon the approval of the board of directors.

6. DEFERRED CONTRIBUTIONS

	2016	2015
DEFERRED CONTRIBUTIONS, beginning of the year	\$ 210,246	\$ 110,000
Restricted grants and donations received	40,000	100,246
	250,246	210,246
Restricted grants and donations recognized as revenue	-	-
DEFERRED CONTRIBUTIONS, end of the year	<u>\$ 250,246</u>	<u>\$ 210,246</u>

Deferred contributions consists of donations received for the capital improvement of the Llama Pen. Upon completion of this project, the deferred contributions will be recognized as income over the expected useful life of the Llama Pen. As of December 31, 2016, the capital improvement project is in development stage and, thus, no revenue has been recognized from this restricted donation.

Of this total, \$103,237 (2015: \$167,759) of the restricted contribution are included in account receivable as mentioned in Note 7 and \$56,981 (2015: \$42,487) is included under cash. During the year, \$27,008 and \$63,020 of the restricted contributions were spent towards the Llama Pen development and Master Expansion Plan respectively.

7. ACCOUNTS RECEIVABLE

	2016	2015
Receivable from Toronto Parks and Trees Foundation (TPTH)	\$ 113,486	\$ 171,774
Pledges	250	250
	<u>\$ 113,736</u>	<u>\$ 172,024</u>

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, \$103,237 (2015: \$167,759) represents the restricted contribution received for the capital improvement of the Llama Pen as mentioned in Note 6.

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8. SUBSEQUENT EVENTS

The Organization was in negotiation with the City of Toronto ("City") for a capital expansion project to be undertaken in the animal attraction area at High Park under the terms of the Construction and License Agreement between the City and the Organization, dated January 2017. As per the City Council's subsequent motion, the Organization has been granted \$200,000 for the purpose of the Llama and Capybara Building Rehabilitation Project provided that the Organization uses its own \$50,000 prior to receiving the funds from the City on the terms and conditions acceptable to the General Manager and the City Solicitor.

In addition, the City has presented its intention to grant \$750,000 towards the rejuvenation of Deer Pen Road project as part of the Organization's Master Plan for High Park Zoo. The Organization is seeking matching funds from a variety of sources to fund this project.

9. 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.

10. COMPARATIVE FIGURES

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