



FRIENDS OF HIGH PARK ZOO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

FRIENDS OF HIGH PARK ZOO

INDEX

DECEMBER 31, 2017

	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, 2017, 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, 2017, and current assets, and net assets as at December 31, 2017.

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, 2017, 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.

March 27, 2018

Sloan Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31	2017	2016
ASSETS		
Current		
Cash (note 6)	\$ 128,474	\$ 104,171
Short-term investments (note 3)	102,185	101,425
Accounts receivable (note 7)	59,812	113,736
Prepaid expenses	2,199	2,139
	292,670	321,471
Development costs (note 5)	229,393	146,171
Capital Assets (note 4)	843	5,903
	\$ 522,906	\$ 473,545
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 32,077	\$ 33,108
Deferred contributions (note 6)	250,246	250,246
	282,323	283,354
 NET ASSETS		
Invested in capital assets	843	5,903
Unrestricted net assets	239,740	184,288
	240,583	190,191
	\$ 522,906	\$ 473,545

Approved by:  _____
 Director: _____
 Director: _____

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

Year ended December 31	2017	2016
CONTRIBUTIONS		
Donations	\$ 75,970	\$ 32,155
Sponsorships	3,000	1,750
Pledges	1,515	640
Interest income	760	745
	81,245	35,290
EXPENSES		
Fundraising expenses	14,663	19,145
Professional fees	6,225	4,159
Insurance	3,042	2,956
Office and general	1,863	1,617
Amorization	5,060	5,060
	30,853	32,937
EXCESS OF REVENUE OVER EXPENSES	\$ 50,392	\$ 2,353
 Allocated as follows		
Unrestricted	\$ 55,452	\$ 7,413
Invested in net assets	(5,060)	(5,060)
	\$ 50,392	\$ 2,353

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

Year ended December 31	2017	2016
NET ASSETS CONSIST OF:		
Invested in capital assets		
Balance, beginning of the year	\$ 5,903	\$ 10,963
Purchase of capital assets	-	-
Amortization	(5,060)	(5,060)
	<hr/>	<hr/>
Balance, end of the year	843	5,903
Unrestricted net assets		
Balance, beginning of the year	\$ 184,288	\$ 176,875
Transfer to invested in capital assets	-	-
Excess of revenue over expenses	55,452	7,413
	<hr/>	<hr/>
Balance, end of the year	239,740	184,288
NET ASSETS, end of the year	<hr/> \$ 240,583 <hr/>	<hr/> \$ 190,191 <hr/>

**FRIENDS OF HIGH PARK ZOO
STATEMENT OF CASH FLOWS**

Year ended December 31	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 50,392	\$ 2,353
Amortization	5,060	5,060
Changes in non-cash working capital:		
Short-term investments	(760)	(745)
Accounts receivable	53,924	58,288
Prepaid expenses	(59)	(57)
Accounts payable and accrued liabilities	(1,032)	29,906
Deferred contributions	-	40,000
	<hr/>	<hr/>
Net cash provided by operating activities	107,525	134,805
	<hr/>	<hr/>
Development costs incurred	(83,222)	(116,826)
	<hr/>	<hr/>
Net cash used in investing activities	(83,222)	(116,826)
	<hr/>	<hr/>
NET INCREASE IN CASH	24,303	17,979
CASH, beginning of the year	104,171	86,192
	<hr/>	<hr/>
CASH, end of the year	\$ 128,474	\$ 104,171
	<hr/> <hr/>	<hr/> <hr/>

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017**

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

	2017	2016
Guaranteed investment certificates	\$ 102,185	\$ 101,425

The guaranteed investment certificate bears interest at 0.95% (2016: 0.75%) was renewed on February 26, 2018 with a maturity date of May 25, 2018.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture and fixtures	\$ 15,180	\$ 14,337	\$ 843	\$ 5,903

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. DEVELOPMENT COSTS

	2017	2016
Development costs - Master expansion plan	\$ 209,608	\$ 140,693
Development costs - Capital improvement of Llama Pen	\$ 19,785	\$ 5,478
	\$ 229,393	\$ 146,171

Development costs consist of the costs related to the master expansion plan for the Zoo and capital improvement of the Llama Pen. The capital improvement of Llama Pen has started in year 2016 and is expected to finish by end of year 2018.

6. DEFERRED CONTRIBUTIONS

	2017	2016
DEFERRED CONTRIBUTIONS , beginning of the year	\$ 250,246	\$ 210,246
Restricted grants and donations received	-	40,000
	250,246	250,246
Restricted grants and donations recognized as revenue	-	-
DEFERRED CONTRIBUTIONS , end of the year	\$ 250,246	\$ 250,246

Deferred contributions consists of donations of \$250,246. Of the total, \$40,000 and \$210,246 was received for Llama Pen and the Master Plan respectively. Upon completion of these projects, the deferred contributions will be recognized as income over the expected useful lives of the Llama Pen and other assets developed. As of December 31, 2017, the capital improvement project is in development stage and, thus, no revenue has been recognized from this restricted donation.

Of this total, \$50,531 (2016: \$103,237) of the restricted contribution are included in account receivable as mentioned in Note 7 and \$53,587 (2016: \$56,981) is included under cash. During the year, \$14,567 and \$41,533 of the restricted contributions were spent towards the Llama Pen development and Master Plan respectively.

7. ACCOUNTS RECEIVABLE

	2017	2016
Receivable from Toronto Parks and Trees Foundation (TPTH)	\$ 56,562	\$ 113,486
Sponsorships	3,000	-
Pledges	250	250
	\$ 59,812	\$ 113,736

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, \$50,531 (2016: \$103,237) represents the restricted contribution received for the capital improvement of the Llama Pen as mentioned in Note 6.

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

8. SIGNIFICANT EVENTS

The Organization was in negotiation with the City of Toronto ("City") for a capital expansion project to be undertaken in the Llama Pen 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. As of the date of financial statements, the organization has spent \$27,378 towards this project.

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.

During the year, TD bank provided a grant in an amount of \$7,458 to the Organization.

9. SUBSEQUENT EVENTS

Subsequent to year end, the Ontario Ministry of Tourism, Culture and Sport has authorized a grant of \$15,000 to the Organization for the renovation, repair and extension of Llama Pen and Log Cabin as a part of the Organization's Master Plan for High Park Zoo.

10. 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.

11. COMPARATIVE FIGURES

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