



FRIENDS OF HIGH PARK ZOO

FINANCIAL STATEMENTS

DECEMBER 31, 2018

FRIENDS OF HIGH PARK ZOO

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DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Friends of High Park Zoo

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Friends of High Park Zoo, which comprise the statement of financial position as at December 31, 2018, and the statements of changes in operations, changes in net assets and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends of High Park Zoo as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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, 2018, and current assets, and net assets as at December 31, 2018. Our audit opinion was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 12, 2019

Sloan Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31	2018	2017
ASSETS		
Current		
Cash (note 6)	\$ 142,451	\$ 128,474
Short-term investments (note 3)	103,300	102,185
Accounts receivable (note 7)	44,763	59,812
Prepaid expenses	2,261	2,199
	292,775	292,670
Development costs (note 5)	255,976	229,393
Capital Assets (note 4)	-	843
	\$ 548,751	\$ 522,906
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 12,574	\$ 32,077
Deferred contributions (note 6)	265,246	250,246
	277,820	282,323
 NET ASSETS		
Invested in capital assets	-	843
Unrestricted net assets	270,931	239,740
	270,931	240,583
	\$ 548,751	\$ 522,906

Approved by:

Director: _____

Director: _____

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

Year ended December 31	2018	2017
CONTRIBUTIONS		
Donations	\$ 53,472	\$ 75,970
Fundraising events	21,555	3,000
Donated goods and services (note 10)	6,483	-
Pledges	770	1,515
Interest income	1,115	760
	83,395	81,245
EXPENSES		
Fundraising expenses (note 10)	39,940	14,663
Professional fees	5,665	6,225
Insurance	3,132	3,042
Office and general	3,467	1,863
Amorization	843	5,060
	53,047	30,853
EXCESS OF REVENUE OVER EXPENSES	\$ 30,348	\$ 50,392
 Allocated as follows		
Unrestricted	\$ 31,191	\$ 55,452
Invested in net assets	(843)	(5,060)
	\$ 30,348	\$ 50,392

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

Year ended December 31	2018	2017
NET ASSETS CONSIST OF:		
Invested in capital assets		
Balance, beginning of the year	\$ 843	\$ 5,903
Purchase of capital assets	-	-
Amortization	(843)	(5,060)
	<hr/>	<hr/>
Balance, end of the year	-	843
Unrestricted net assets		
Balance, beginning of the year	\$ 239,740	\$ 184,288
Transfer to invested in capital assets	-	-
Excess of revenue over expenses	31,191	55,452
	<hr/>	<hr/>
Balance, end of the year	270,931	239,740
NET ASSETS, end of the year	<hr/> \$ 270,931	<hr/> \$ 240,583

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

Year ended December 31	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 30,348	\$ 50,392
Amortization	843	5,060
Changes in non-cash working capital:		
Short-term investments	(1,115)	(760)
Accounts receivable	15,049	53,924
Prepaid expenses	(60)	(59)
Accounts payable and accrued liabilities	(19,505)	(1,032)
Deferred contributions	15,000	-
Net cash provided by operating activities	<u>40,560</u>	<u>107,525</u>
Development costs incurred	<u>(26,583)</u>	<u>(83,222)</u>
Net cash used in investing activities	<u>(26,583)</u>	<u>(83,222)</u>
NET INCREASE IN CASH	13,977	24,303
CASH, beginning of the year	<u>128,474</u>	<u>104,171</u>
CASH, end of the year	<u><u>\$ 142,451</u></u>	<u><u>\$ 128,474</u></u>

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFPO") applied in Part III of the Chartered Professional Accountants of Canada Handbook. Outlined below are those policies considered particularly significant by the Organization.

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, 2018**

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. However, the good & services for which fair market value is available have been 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

	2018	2017
Guaranteed investment certificates	\$ 103,300	\$ 102,185

The guaranteed investment certificate bears interest at 1.35% was renewed on February 24, 2019 with a maturity date of May 26, 2019.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Furniture and fixtures	\$ 15,180	\$ 15,180	\$ -	\$ 843

**FRIENDS OF HIGH PARK ZOO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. DEVELOPMENT COSTS

	2018	2017
Development costs - Master expansion plan	\$ 230,691	\$ 209,608
Development costs - Capital improvement of Llama Pen	\$ 25,285	\$ 19,785
	\$ 255,976	\$ 229,393

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 2019.

6. DEFERRED CONTRIBUTIONS

	2018	2017
DEFERRED CONTRIBUTIONS , beginning of the year	\$ 250,246	\$ 250,246
Restricted grants and donations received	15,000	-
	265,246	250,246
Restricted grants and donations recognized as revenue	-	-
DEFERRED CONTRIBUTIONS , end of the year	\$ 265,246	\$ 250,246

Deferred contributions consist of donations of \$265,246. Of the total, \$55,000 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, 2018, the capital improvement project is in development stage and, thus, no revenue has been recognized from this restricted donation.

Of this total, \$NIL (2017: \$50,531) of the restricted contribution are included in account receivable as mentioned in Note 7 and \$62,737 (2017: \$53,587) is included under cash.

7. ACCOUNTS RECEIVABLE

	2018	2017
Receivable from Toronto Parks and Trees Foundation (TPTH)	\$ 29,888	\$ 56,562
Grants	8,000	-
Sponsorships	6,875	3,250
	\$ 44,763	\$ 59,812

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, \$NIL (2017: \$50,531) 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, 2018

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 December 31, 2018, the Organization has spent \$25,337 towards this project. The Organization is currently in discussions with the City to obtain an additional \$100,000 towards this project, however no final decision has been made as of the date of the audit report.

During the previous fiscal year, 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 previous fiscal year, the Ontario Ministry of Tourism, Culture and Sport 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. Of this total, \$10,000 was collected by the Organization during the current year and the remaining \$5,000 was collected in March 2019.

9. SUBSEQUENT EVENTS

During the previous fiscal year, the Organization received a grant in an amount of \$7,459 under a TD Friends of the Environment Foundation (FEF) program with a condition of completing the project within one year from the date when funding was received. The project undertaken by the Organization was unable to complete this project within given timeframe whereby this amount of \$7,459 will be repaid. As of December 31, 2018, the Organization has provided for the full liability of this amount.

10. DONATED GOODS AND SERVICES

During the year, the Organization received donated services for the value of \$6,483 from Great Life Insurance towards the fundraising event named "Peacock Gala". This amount has been recorded in the statement of operations as donated goods and services revenue.

11. 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.