

FRIENDS OF HIGH PARK ZOO
Financial Statements
December 31, 2021

FRIENDS OF HIGH PARK ZOO
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Friends of High Park Zoo

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, 2021, 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, 2021, 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, 2021, and current assets, and net assets as at December 31, 2021. 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.

DNTW Toronto LLP

Toronto, Ontario
June 6, 2022

Chartered Professional Accountants
Licensed Public Accountants

FRIENDS OF HIGH PARK ZOO
Statement of Financial Position
As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 5)	\$ 45,643	\$ 104,545
Accounts receivable (Note 3)	118,938	176,992
Harmonized sales tax recoverable	39,246	-
Prepaid expenses	9,954	9,041
	213,781	290,578
Capital development projects (Note 4)	1,042,031	588,811
	\$ 1,255,812	\$ 879,389
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 21,028	\$ 155,386
Deferred contributions (Note 5)	891,716	403,275
	912,744	558,661
NET ASSETS (Note 6)	343,068	320,728
	\$ 1,255,812	\$ 879,389

APPROVED BY:

Sarah Doucette
Sarah Doucette (Jun 12, 2022 17:18 EDT)

Director

Chris M. Dickman
 Director

See accompanying notes to financial statements

FRIENDS OF HIGH PARK ZOO
Statement of Operations
Year Ended December 31, 2021

	2021	2020
CONTRIBUTIONS		
Donations	\$ 38,500	\$ 27,169
Fundraising events	9,412	8,862
Grants	1,000	1,354
Interest income	-	877
	<u>48,912</u>	<u>38,262</u>
EXPENSES		
Professional fees	12,805	28,586
Bad debts	-	5,250
Fundraising expenses	6,808	4,431
Office and general	3,506	1,611
Insurance	3,453	3,341
	<u>26,572</u>	<u>43,219</u>
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES	\$ 22,340	\$ (4,957)

FRIENDS OF HIGH PARK ZOO
Statement of Changes in Net Assets
Year Ended December 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 320,728	\$ 325,685
EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER EXPENSES	22,340	(4,957)
NET ASSETS - END OF YEAR	\$ 343,068	\$ 320,728

See accompanying notes to financial statements

FRIENDS OF HIGH PARK ZOO
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of contributions over expenses	\$ 22,340	\$ (4,957)
Changes in non-cash working capital:		
Short-term investments	-	104,698
Accounts receivable	58,054	(128,134)
Prepaid expenses	(913)	(96)
Accounts payable and accrued liabilities	(134,358)	137,825
Deferred contributions	488,441	138,029
Goods and services tax payable (recoverable)	(39,246)	-
	<u>371,978</u>	<u>252,322</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>394,318</u>	<u>247,365</u>
INVESTING ACTIVITY		
Capital development projects	(453,220)	(284,816)
CASH USED IN INVESTMENT ACTIVITY	<u>(453,220)</u>	<u>(284,816)</u>
NET (DECREASE) INCREASE IN CASH	<u>(58,902)</u>	<u>(37,451)</u>
Cash - beginning of year	<u>104,545</u>	<u>141,996</u>
Cash - end of year	<u>\$ 45,643</u>	<u>\$ 104,545</u>
CASH CONSISTS OF:		
Cash	<u>\$ 45,643</u>	<u>\$ 104,545</u>

FRIENDS OF HIGH PARK ZOO
Notes to Financial Statements
Year Ended December 31, 2021

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.

Effective February 10, 2021, the Organization was granted the tax-exempt status as a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

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.

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.

Capital Development Projects

Capital development projects consist of the costs incurred by the Organization related to projects in which the Organization has partnered with the City of Toronto to make significant capital improvements to High Park Zoo.

Upon completion of the capital development projects, the costs incurred by the Organization in completing the capital development projects will be amortized over the remaining useful life of the assets.

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FRIENDS OF HIGH PARK ZOO
Notes to Financial Statements
Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the carrying value of long-lived assets may be impaired the Organization performs an evaluation of the future recoverability. If the evaluation indicates that the carrying value of an asset is not recoverable from undiscounted cash flows attributable to the asset, then an impairment loss is measured by comparing the carrying amount of the asset to its fair value.

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 and account receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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.

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. ACCOUNTS RECEIVABLE

	2021	2020
DonateTO	\$ 107,817	\$ 102,925
City of Toronto	10,971	65,105
Sponsorships	150	7,607
Grants	-	1,355
	\$ 118,938	\$ 176,992

Accounts receivable from DonateTO consist of \$30,000 (2020: \$30,000) in funds which had been transferred from Toronto Parks and Trees Foundation, and \$72,925 (2020: \$72,925) of donations which the City of Toronto had collected on behalf of the Organization.

The accounts receivable from DonateTO and the City of Toronto have been restricted for use in the Master Expansion Plan - High Park Recreational Trail and the Llama and Capybara Building Rehabilitation Project, respectively.

FRIENDS OF HIGH PARK ZOO
Notes to Financial Statements
Year Ended December 31, 2021

4. CAPITAL DEVELOPMENT PROJECTS

	2021	2020
Llama and Capybara Building Rehabilitation Project	\$ 775,831	\$ 322,611
Master Expansion Plan - High Park Recreational Trail	266,200	266,200
	\$ 1,042,031	\$ 588,811

The Organization's current construction and licence agreement with the City of Toronto grants the right to enter the licensed area to complete agreed upon work to the premises and carry out fundraising activities until December 31, 2021. The agreement was renewed for five years until December 31, 2026 subsequent to year-end.

The Llama and Capybara Building Rehabilitation Project is expected to be completed in fiscal 2022.

The Master Expansion Plan - High Park Recreational Trail is expected to be completed in fiscal 2024.

5. DEFERRED CONTRIBUTIONS

	2021	2020
DEFERRED CONTRIBUTIONS, beginning of year	\$ 403,275	\$ 265,246
Restricted grants and donations received	488,441	138,029
	891,716	403,275
Restricted grants and donations recognized as revenue	-	-
DEFERRED CONTRIBUTIONS, end of year	\$ 891,716	\$ 403,275

Deferred contributions consist of donations of \$891,716. Of the total, \$608,545 and \$283,171 were received for the Llama and Capybara Building Rehabilitation Project and the Master Expansion Plan - High Park Recreational Trail, respectively. Upon completion of these projects, the deferred contributions will be recognized as revenue on the same basis as the amortization of the related assets. As of December 31, 2021, the capital development projects are in development stage and, thus, no revenue has been recognized from this restricted donation.

Of this total, \$113,471 (2020: \$168,029) of the restricted contribution are included in account receivable as mentioned in Note 4 and \$32,160 (2020: \$25,624) is included under cash.

6. NET ASSETS

The Board of Directors has exercised their discretion and decided to invest the Organization's unrestricted funds towards capital development projects. Net assets have have been allocated as follows:

	2021	2020
Unrestricted	\$ 112,338	\$ 89,998
Invested in capital development projects	230,730	230,730
	\$ 343,068	\$ 320,728

FRIENDS OF HIGH PARK ZOO
Notes to Financial Statements
Year Ended December 31, 2021

7. SIGNIFICANT EVENTS

The Organization has an agreement with the City of Toronto ("City") for a capital development project to be undertaken in the Llama and Capybara animal attraction area at High Park Zoo. Under the terms of this Construction and License Agreement, dated January 2017, and the related amending agreement, dated August 2020, the Organization has been granted \$543,000 for the purpose of the Llama and Capybara Building Rehabilitation Project provided that the Organization uses its own \$224,000 prior to receiving the funds from the City on the terms and conditions acceptable to the General Manager and the City Solicitor. In 2021, the City granted an additional \$10,546 for electrical rehabilitation of the Llama and Capybara building.

As of December 31, 2021, the Organization has spent \$261,546 of their own funds raised towards this project and has claimed the entire amount of \$553,546 committed by the City of Toronto, out of which \$10,546 is outstanding at year-end.

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 funds receivable from various funding partners.

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.

9. COVID-19 PANDEMIC

In 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Organization's operations were impacted by COVID-19 due to stay-at-home orders and travel restrictions, resulting in less traffic to the Organization and fewer on-site donations. Additionally, COVID-19 restrictions have created difficulties for the Organization to raise fund through fundraising events, resulting in decreased donations from fundraising events. At this time, it is unclear the extent of the impact of the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closure or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.






2021 12 31 Friends of High Park Zoo FS

Final Audit Report

2022-06-12

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By:	Chris Diceman (cdiceman@dicemark.com)
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