

Heritage Toronto
Financial Statements
December 31, 2006

Grant Thornton 

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Auditors' Report

To the Board of Directors of
Heritage Toronto

We have audited the balance sheet of **Heritage Toronto** as at December 31, 2006 and the statements of revenue and expenditures and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives revenue from donations and promotional events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and promotional events referred to above, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Markham, Canada
March 29, 2007

Chartered Accountants
Licensed Public Accountants

Heritage Toronto**Statement of Revenue and Expenditures and Fund Balance – Operating Fund**Year Ended December 31

	<u>City Funded</u>	<u>Other Programs</u>	<u>Total 2006</u>	<u>Total 2005</u>
Revenue				
Grants – City of Toronto	\$ 340,162	\$ -	\$ 340,162	\$ 307,860
Donations-in-kind	-	107,752	107,752	108,494
Donations	-	21,501	21,501	10,927
Memberships	-	19,310	19,310	16,130
Corporate sponsored event revenue	-	66,695	66,695	59,224
Meeting revenue	-	8,555	8,555	7,070
Program revenue	-	31,670	31,670	16,199
Other income	-	4,119	4,119	5,585
	<u>340,162</u>	<u>259,602</u>	<u>599,764</u>	<u>531,489</u>
Expenditures				
Amortization	-	3,370	3,370	2,036
Administration	42,941	-	42,941	34,727
Communication	-	252	252	220
Program expenses	31,908	168,890	200,798	186,371
Wages and benefits	<u>374,227</u>	<u>-</u>	<u>374,227</u>	<u>344,308</u>
	<u>449,076</u>	<u>172,512</u>	<u>621,588</u>	<u>567,662</u>
	(108,914)	87,090	(21,824)	(36,173)
Board approved transfers from Board Designated Funds	<u>-</u>	<u>-</u>	<u>17,989</u>	<u>34,285</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (108,914)</u>	<u>\$ 87,090</u>	<u>\$ (3,835)</u>	<u>\$ (1,888)</u>
Operating fund balance, beginning of year			\$ (1,840)	\$ 48
Deficiency of revenue over expenditures			<u>(3,835)</u>	<u>(1,888)</u>
Operating fund balance, end of year			<u>\$ (5,675)</u>	<u>\$ (1,840)</u>

See accompanying notes to the financial statements.

Heritage Toronto

Balance Sheet

December 31

2006

2005

Assets

Current

Cash and cash equivalents	\$ 153,437	\$ 101,329
Receivables	23,346	7,036
Prepays	<u>5,254</u>	<u>2,944</u>
	182,037	111,309

Cash – Agency funds 71,912 68,032

Capital assets (Note 3) - 3,370

\$ 253,949 **\$ 182,711**

Liabilities

Current

Payables and accruals	\$ 12,567	\$ 11,386
Deferred revenue	<u>16,900</u>	<u>16,600</u>
	29,467	27,986

Separate Agency Funds 71,912 65,583

101,379 **93,569**

Fund Balances (Note 4)

Restricted

Board designated funds (Page 7)	120,239	46,126
Externally restricted funds (Page 8)	38,006	44,856

Unrestricted

Operating fund	<u>(5,675)</u>	<u>(1,840)</u>
	152,570	89,142

\$ 253,949 **\$ 182,711**

Commitments (Note 6)

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

Heritage Toronto

Statement of Cash Flows

December 31

2006

2005

Increase (decrease) in cash and cash equivalents

Operating

Excess (deficiency) of revenue over expenditures:

Operating Fund	\$ (3,835)	\$ (1,888)
Board Designated Fund	80,689	22,491
Externally Restricted Fund	(6,512)	650
Amortization	3,370	2,036
Deferred revenue - amortization	<u>300</u>	<u>16,600</u>
	74,012	39,889

Changes in non-cash working capital

Receivables	(16,310)	6,649
Prepaid expenses	(2,310)	(2,832)
Payables and accruals	1,181	(99)
Separate Agency Funds	<u>2,449</u>	<u>(2,449)</u>
	59,022	41,158

Financing

Fund transferred from Board Restricted Funds	(6,576)	(34,285)
Fund transferred from Externally Restricted Funds	<u>(338)</u>	<u>-</u>
	(6,914)	(34,285)

Net increase in cash and cash equivalents	52,108	6,873
Cash and cash equivalents, beginning of year	<u>101,329</u>	<u>94,456</u>
Cash and cash equivalents, end of year	\$ <u>153,437</u>	\$ <u>101,329</u>

Heritage Toronto

Notes to the Financial Statements

December 31, 2006

1. Basis of presentation and financial reorganization

Heritage Toronto (the "Organization") is responsible for the general promotion and directives relating to heritage issues; to assist in the management of fundraising drives for the Toronto Museum Board, the Toronto Preservation Board and Museum Management Boards; to have a stewardship role over donated funds; and to carry out general duties as related to the City of Toronto's (the "City") history and development. Except for any funds received from private donors, the Organization is to pay any net revenue to the City. The Organization is a charitable organization and, as such, is permitted to issue receipts for income tax purposes in return for donations and is not subject to income taxes under the Income Tax Act (Canada).

In 2000, the Organization was reorganized by virtue of three City by-laws, two of which dealt with the establishment of two new boards, the Toronto Museum Board and the Toronto Preservation Board, in addition to the continuation of the Organization. As a result of this reorganization, the Organization's assets, liabilities and fund balances related to the two new boards of \$1,094,760 were assumed by the City.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied within the framework of the accounting policies summarized below:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the restricted fund in the year received.

At year end, certain plaques were work-in-progress and thus related revenue has been deferred until completed.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, commencing in the year of acquisition, as follows:

Office furniture	5 years
Computer equipment and software	3 years
Office equipment	3 - 5 years

Contributed materials and services

Contributed materials and services are recognized in these financial statements when the amounts are reasonably determinable based on estimated fair market value.

Heritage Toronto

Notes to the Financial Statements

December 31, 2006

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2006 Net Carrying Value</u>	<u>2005 Net Carrying Value</u>
Office furniture	\$ 4,992	\$ 4,992	\$ -	\$ 1,143
Computer equipment and software	16,014	16,014	-	1,547
Office equipment	<u>6,019</u>	<u>6,019</u>	<u>-</u>	<u>680</u>
	<u>\$ 27,025</u>	<u>\$ 27,025</u>	<u>\$ -</u>	<u>\$ 3,370</u>

4. Fund balances

Board designated funds reflect the revenue and expenses of those Funds restricted by the Board for specific purposes and are summarized on Page 7.

Externally restricted funds reflect the revenue and expenses in those Funds in partnership with a non-related third party. The use of these funds has been restricted by third parties and may only be used for the purposes specified. These funds are summarized on Page 8.

5. Employee benefits

The Organization makes contributions to the Ontario Municipal Employees' Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

During the year, contributions were \$21,600 (2005 - \$15,800)

6. Commitments

The Organization has entered into a few lease commitments for office equipments, which expire in 2009. The minimum lease payments are as follows:

2007	\$	3,600
2008		3,600
2009		2,600

7. Comparative figures

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

Heritage Toronto

Statement of Revenue and Expenditures and Fund Balance

Board Designated Funds

Year Ended December 31

	Built Heritage Awareness Fund (Note 4)	Heritage Education Program Fund	Aboriginal Heritage Project Fund	Community Heritage Research & Grant Fund	Plaque Program Fund	2006 Total	2005 Total
Revenue							
Donations	\$ 12,600	\$ 8,354	\$ -	\$ 8,985	\$ 45,284	\$ 80,689	\$ 23,440
Other					5,466		551
Expenses							
Program expenses	-	-	-	-	-	-	1,500
Net revenue (expenditure)	\$ <u>12,600</u>	\$ <u>8,354</u>	\$ <u>-</u>	\$ <u>8,985</u>	\$ <u>50,750</u>	\$ <u>80,689</u>	\$ <u>22,491</u>
Fund balance							
Beginning of year	\$ 16,865	\$ 6,253	\$ 42	\$ 20,383	\$ 2,583	\$ 46,126	\$ 57,920
Net revenue (expenditures)	12,600	8,354	-	8,985	50,750	80,689	22,491
Board approved transfers:							
In	-	-	-	-	11,413	11,413	-
Out	<u>(13,215)</u>	<u>(2,732)</u>	<u>(42)</u>	<u>(2,000)</u>	-	<u>(17,989)</u>	<u>(34,285)</u>
End of year	\$ <u>16,250</u>	\$ <u>11,875</u>	\$ <u>-</u>	\$ <u>27,368</u>	\$ <u>64,746</u>	\$ <u>120,239</u>	\$ <u>46,126</u>

Heritage Toronto

Statement of Revenue and Expenditures and Fund Balance

Externally Restricted Funds

Year Ended December 31

	<u>Other Designated Fund (Note 4)</u>	<u>City Museum Activities Fund</u>	<u>Museum Site Preservation Fund</u>	<u>Museum Exhibit Development Fund</u>	<u>2006 Total</u>	<u>2005 Total</u>
Revenue						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650
Expenses						
Program expenses	-	6,512	-	-	6,512	-
Net revenue (expenditures)	\$ -	\$ (6,512)	\$ -	\$ -	\$ (6,512)	\$ 650
Fund balance						
Beginning of year	\$ 8,292	\$ 13,026	\$ 17,410	\$ 6,128	\$ 44,856	\$ 60,458
Net revenue (expenditures)	-	(6,512)	-	-	(6,512)	650
Transfers	(338)	-	-	-	(338)	(16,252)
End of year	\$ 7,954	\$ 6,514	\$ 17,410	\$ 6,128	\$ 38,006	\$ 44,856