

Financial Statements

**Board of Management of the Toronto Zoo**  
December 31, 2009

## AUDITORS' REPORT

To the Members of the  
**Board of Management of the Toronto Zoo**

We have audited the balance sheet of the **Board of Management of the Toronto Zoo** as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board'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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thornhill, Canada,  
Date, 2010.

**Board of Management of the Toronto Zoo**

**BALANCE SHEET**

As at December 31

	2009	2008
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	10,535,126	11,173,148
Accounts receivable		
City of Toronto <i>[note 3]</i>	2,283,245	1,250,295
Toronto Zoo Foundation <i>[note 10]</i>	—	826,961
Trade	204,518	357,493
Inventories	761,492	361,271
Prepaid supplies	—	385,274
<b>Total current assets</b>	<b>13,784,381</b>	<b>14,354,442</b>
Capital assets, net <i>[note 4]</i>	2,520,881	1,859,149
Receivable from City of Toronto <i>[note 3[c]]</i>	10,517,527	10,076,048
	<b>26,822,789</b>	<b>26,289,639</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[notes 5 and 14]</i>	8,131,443	10,786,178
Transfer to Toronto Community Foundation	238,812	—
Deferred revenue	3,990,007	2,152,473
<b>Total current liabilities</b>	<b>12,360,262</b>	<b>12,938,651</b>
Employee future benefits payable <i>[note 5]</i>	10,517,527	10,076,048
<b>Total liabilities</b>	<b>22,877,789</b>	<b>23,014,699</b>
Commitments and contingencies <i>[notes 11 and 14]</i>		
<b>Net assets</b>		
Invested in capital assets <i>[note 4]</i>	2,520,881	1,859,149
Internally restricted <i>[note 6]</i>	1,424,119	1,415,791
<b>Total net assets</b>	<b>3,945,000</b>	<b>3,274,940</b>
	<b>26,822,789</b>	<b>26,289,639</b>

See accompanying notes

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On behalf of the Board:

Chair

Vice Chair

**Board of Management of the Toronto Zoo**

**STATEMENT OF OPERATIONS**

Year ended December 31

	2009		2008
	Budget	Actual	Actual
	\$	\$	\$
	<i>[unaudited]</i>		
<b>REVENUE</b>			
Funding from City of Toronto			
General appropriation	11,676,507	11,676,507	11,720,153
Capital works contributions	171,000	—	—
Funding from Toronto Zoo Foundation <i>[note 10]</i>	919,966	811,333	3,558,825
Development	—	566,401	—
Admission	15,319,014	17,079,020	12,393,958
Food services	5,590,228	6,151,509	5,501,058
Gift shop operations	3,300,500	2,813,533	2,909,945
Parking	1,978,000	2,526,715	2,313,827
Rides and rentals	1,226,000	1,010,286	1,028,155
Education programs	767,696	787,071	788,376
Other revenue and recoveries	2,152,525	974,851	573,345
Interest <i>[note 6]</i>	—	8,328	41,194
	<b>43,101,436</b>	<b>44,405,554</b>	<b>40,828,836</b>
<b>EXPENSES <i>[note 5]</i></b>			
Operations and administration <i>[note 1]</i>	21,858,758	22,239,529	20,796,372
Conservation, education and research	6,547,159	6,913,892	6,603,248
Marketing and communications	5,376,225	5,087,828	4,729,671
Food services	4,436,694	4,780,866	4,294,226
Gift shop operations	2,642,319	2,282,273	2,041,485
General management	2,240,281	1,852,308	1,335,666
Development	—	327,589	—
Amortization of capital assets	—	499,039	377,749
	<b>43,101,436</b>	<b>43,983,324</b>	<b>40,178,417</b>
Excess of revenue over expenses before the following	—	422,230	650,419
Transfer to Toronto Community Foundation <i>[note 10]</i>		(238,812)	
Transfer of excess funding to City of Toronto <i>[notes 1 and 3[b]]</i>		45,161	(174,688)
Transfer from (to) City of Toronto related to change in employee future benefits payable <i>[note 3[c]]</i>		441,479	648,933
<b>Excess of revenue over expenses for the year</b>	<b>—</b>	<b>670,058</b>	<b>1,124,664</b>

*See accompanying notes*

**Board of Management of the Toronto Zoo**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31

	2009			
	Invested in capital assets \$ [note 4]	Internally restricted \$ [note 6]	Unrestricted \$	Total \$
Net assets, beginning of year	1,859,149	1,415,791	—	3,274,940
Excess of revenue over expenses for the year	—	—	670,058	670,058
Interest on internally restricted funds [note 6]	—	8,328	(8,328)	—
Change in net assets invested in capital assets [note 4]	661,730	—	(661,730)	—
<b>Net assets, end of year</b>	<b>2,520,879</b>	<b>1,424,119</b>	<b>—</b>	<b>3,944,998</b>

	2008			
	Invested in capital assets \$ [note 4]	Internally restricted \$ [note 6]	Unrestricted \$	Total \$
Net assets, beginning of year	775,679	1,374,597	—	2,150,276
Excess of revenue over expenses for the year	—	—	1,124,664	1,124,664
Interest on internally restricted funds [note 6]	—	41,194	(41,194)	—
Change in net assets invested in capital assets [note 4]	1,083,470	—	(1,083,470)	—
<b>Net assets, end of year</b>	<b>1,859,149</b>	<b>1,415,791</b>	<b>—</b>	<b>3,274,940</b>

See accompanying notes

## Board of Management of the Toronto Zoo

### STATEMENT OF CASH FLOWS

Year ended December 31

	2009	2008
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	670,058	1,124,664
Add item not involving cash		
Amortization of capital assets	499,039	377,749
	<u>1,169,097</u>	<u>1,502,413</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable		
City of Toronto	(1,032,950)	2,075,952
Toronto Zoo Foundation	826,961	(826,961)
Trade	152,975	(147,984)
Inventories	(400,221)	(6,409)
Prepaid supplies	385,274	(80,343)
Accounts payable and accrued liabilities	(2,654,735)	(621,484)
Due to Toronto Zoo Foundation	238,812	(48,698)
Deferred revenue	1,837,534	309,397
<b>Cash provided by operating activities</b>	<u>522,747</u>	<u>2,155,883</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,160,769)	(553,359)
<b>Cash used in investing activities</b>	<u>(1,160,769)</u>	<u>(553,359)</u>
<b>Net increase in cash during the year</b>	(638,022)	1,602,524
Cash, beginning of year	11,173,148	9,570,624
<b>Cash, end of year</b>	<u>10,535,126</u>	<u>11,173,148</u>
<b>Non-cash transactions</b>		
Capital assets included in accounts payable and accrued liabilities	156,904	907,860

*See accompanying notes*

## Board of Management of the Toronto Zoo

# NOTES TO FINANCIAL STATEMENTS

December 31, 2009

## 1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO

The Board of Management of the Toronto Zoo [the "Board"] is a local board established by the City of Toronto [the "City"]. The Board operates, manages and maintains the zoological gardens and related facilities known as the Toronto Zoo [the "Zoo"] under the terms of an agreement between the Board and the City. As defined within the City of Toronto Act, 1997, the City is entitled to any surplus resulting from the Board's activities and is responsible for any deficit the Board incurs [note 3[b]].

The live collection of the Zoo is the property of the City and, accordingly, is not recorded in the accounts of the Board. The Board trades and sells specimens surplus to its needs, recording animal trades at market value. All these transactions are recorded through the Animal Transaction Reserve Fund held by the City [note 7]. In addition, the City maintains an Endangered Species Reserve Fund for the Board [note 8].

The City established the "Zoo Stabilization Reserve Fund" in 1996 for the purpose of investing in revenue generating activities of the Board, preparing for special events in advance of the budget year, and offsetting revenue shortfalls. The Zoo Stabilization Reserve Fund is also recorded in the accounts of the City [note 9].

Major capital facilities are the property of the City. Consequently, major capital facilities are recorded in the accounts of the City and not in these financial statements [note 4]. In addition, the Board contributes to the City's vehicle and insurance reserve and expenses these contributions as made. Contributions for the year amounted to \$333,000 [2008 - \$333,000] for the vehicle reserve and \$188,117 [2008 - \$178,710] for the insurance reserve, and are included within operations and administration on the Statement of Operations.

The Board is a registered charity and, as such, is not subject to income taxes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for non-profit oriented organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Board.

## Board of Management of the Toronto Zoo

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

The significant accounting policies are summarized as follows:

#### Revenue recognition

The Board 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 deferred and recognized as revenue in the year in which the related expenses are recognized. Revenues from admissions and other related services are recognized at point of sale.

#### Deferred revenue

Deferred revenue includes the balance of funds which have been received from Membership operations and specific operating projects which the Board has not yet expended.

#### Inventories

Inventories consist of gift shops' merchandise and are recorded at the lower of cost, recorded on a first-in, first-out basis, and net realizable value.

#### Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Other equipment and animal structures	5 - 10 years
Furniture	10 years

#### Contributed materials and services

Agreements are entered into with corporate sponsors whereby these sponsors provide cash, products, advertising or entertainment support to the Zoo. In return, consideration is provided in a number of diverse ways, including specific rights to events and promotional activities or advertising recognition. Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.



## **Board of Management of the Toronto Zoo**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

#### **Employee future benefits**

The Board has adopted the following policies with respect to employee future benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs. Costs include projected future compensation payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health care costs;
- past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

#### **Derivative financial instruments**

The Board utilizes derivative financial instruments in the management of its purchase of electricity. The Board's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Derivative contracts entered into by the City in connection with the purchase of electricity, to which the Board is a party, are not designated to be in a hedging relationship and are recorded at their fair value as an asset or a liability based on quoted market prices or dealer quotes with changes in fair value, if any, recorded in the statement of operations.

## Board of Management of the Toronto Zoo

# NOTES TO FINANCIAL STATEMENTS

December 31, 2009

### Financial instruments

The Board has chosen to continue to apply The Canadian Institute of Chartered Accountants' ["CICA"] Handbook Section 3861: *Financial Instruments – Disclosure and Presentation* in place of CICA 3862: ["CICA *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*].

The Board has designated its financial instruments as follows:

- Cash as held-for-trading
- Current accounts receivable and long-term receivables as loans and receivables
- Accounts payable and accrued liabilities as other liabilities

### Use of estimates

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates.

### Accounting policy changes

Effective January 1, 2008, the Board adopted the recommendations of CICA 1535: *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the Board's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures which are provided in note 13.

Effective January 1, 2008, the Board adopted the recommendations of CICA 3031: *Inventories*. These recommendations provide guidance on the measurement and disclosure requirements for inventories. The adoption of this recommendation had no material impact on the financial statements.

## Board of Management of the Toronto Zoo

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

#### Future accounting policy changes

The CICA has issued revisions to the 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes include making the disclosure of net assets invested in capital assets optional; requiring the reporting of revenues and expenses on a gross basis in the Statement of Operations unless not required by other guidance. A new section, CICA 4470: *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the revisions which requires certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009 with earlier adoption permitted. Management is assessing the impact of these revisions and the timing of their adoption. However, the impact will be limited to reclassification of numbers in the statements and additional disclosures.

In February 2008, the Accounting Standards Board amended CICA 1000: *Financial Statement Concepts* to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet. The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. These amendments are not expected to have an impact on the financial statements.

#### 3. RECEIVABLE FROM CITY OF TORONTO

[a] In the normal course of operations, the Board incurs costs for various expenses payable to the City such as hydro, legal, and other administrative costs. Transactions between the City and the Board are made at the agreed upon exchange amount. In addition, the Board manages on behalf of the City the capital program for the Zoo. As a result, the Board will incur capital expenses that are recoverable from the City and this comprises a large component of the year-end receivable with the City which is offset by the net surpluses payable back to the City [note 3[b]].

**Board of Management of the Toronto Zoo**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

[b] As part of the terms of the agreement between the Board and the City, any operating excess or deficiency is to be transferred to or recovered from the City [note 1]. These amounts are included in current accounts receivable from the City and the changes during the year are as follows:

	2009 \$	2008 \$
<b>Due to City of Toronto related to operating excess, beginning of year</b>	(509,144)	(334,456)
Excess funding transferred to City of Toronto	45,163	(174,688)
<b>Due to City of Toronto related to operating excess, end of year</b>	<b>(463,981)</b>	<b>(509,144)</b>

[c] The Board has recorded a non-interest bearing long-term receivable in connection with the expected recoveries of employee benefits costs [note 5] from the City, since the City is ultimately responsible for any deficit the Board incurs. It is not possible to determine the fair value of this receivable as there are no fixed terms of repayment.

**4. CAPITAL ASSETS**

The live collection of the Zoo and the major capital facilities are the property of the City. The City, through its capital works program, financed approximately \$5,325,621 [2008 - \$10,357,964] of capital improvements to the Zoo during the year. Since the facilities are not an asset of the Board, these amounts have not been recorded in these financial statements.

Capital assets consist of the following:

	2009	
Cost \$	Accumulated amortization \$	Net book Value \$
Computer equipment	153,054	118,325
Other equipment and animal structures	3,615,085	1,268,277
Furniture	172,673	33,329
	<b>3,940,812</b>	<b>1,419,930</b>
		<b>2,520,881</b>

**Board of Management of the Toronto Zoo**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

	<b>2008</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book Value</b>
	\$	\$	\$
Computer equipment	146,469	82,624	63,845
Other equipment and animal structures	2,547,511	822,206	1,725,305
Furniture	86,061	16,062	69,999
	<u>2,780,041</u>	<u>920,892</u>	<u>1,859,149</u>

The change in net book value of capital assets is due to the following:

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>1,859,149</b>	775,679
Purchase of capital assets internally funded	1,160,771	1,461,219
Amortization of capital assets	(499,039)	(377,749)
<b>Balance, end of year</b>	<b><u>2,520,881</u></b>	<u>1,859,149</u>

Net assets invested in capital assets are represented by:

	<b>2009</b>	<b>2008</b>
	\$	\$
Capital assets, net	<b><u>2,520,879</u></b>	<u>1,859,149</u>

The change in net assets invested in capital assets is as follows:

	<b>2009</b>	<b>2008</b>
	\$	\$
Purchase of capital assets internally funded	<b>1,160,769</b>	1,461,219
Less amortization of capital assets	<b>499,039</b>	377,749
<b>Change in net assets invested in capital assets</b>	<b><u>661,730</u></b>	<u>1,083,470</u>

**Board of Management of the Toronto Zoo**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

**5. EMPLOYEE BENEFITS**

[a] The Board has a number of defined benefit plans providing pension and other retirement and post-employment benefits including health, dental, life insurance and long-term disability benefits to certain employees. Information about the Board's defined benefit plans, other than the multi-employer defined benefit plan noted below, in aggregate, is as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Sick leave	2,564,072	2,582,820
Other retirement and post-employment benefits	6,227,737	6,000,364
<b>Total accrued benefit obligations</b>	<b>8,791,809</b>	<b>8,583,184</b>
Less unamortized actuarial (gain) loss	(1,725,718)	(1,492,864)
<b>Total employee future benefits payable [note 3[c]]</b>	<b>10,517,527</b>	<b>10,076,048</b>

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment. The liability for the accumulated sick leave days represents the extent to which the eligible employees have vested and could be taken in cash by them on termination.

**Board of Management of the Toronto Zoo**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

The continuity of the Board's accrued benefit obligations is as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance, beginning of year</b>	<b>8,583,184</b>	9,889,277
Current service cost	253,727	649,440
Interest cost	496,751	493,605
Prior year's vacation pay accrual transferred to accounts payable and accrued liabilities	—	—
Expected benefits paid	(375,676)	(548,197)
Actuarial gain	(166,177)	(1,900,941)
<b>Balance, end of year</b>	<b>8,791,809</b>	<b>8,583,184</b>

The total expenses related to these benefits include the following components:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Current service cost	253,727	649,440
Interest cost	496,751	493,605
Amortization of actuarial gain	(89,889)	54,084
	<b>660,589</b>	<b>1,197,129</b>

For purposes of the financial statement presentation, these expenses are included in the actual numbers within the Statement of Operations. These expenses are not included in the budget numbers as they are not part of the financial planning process with the City, and as such, they result in a excess (deficiency) of revenue over expenses from budget.

**Board of Management of the Toronto Zoo**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

Cash payments made during the year are as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Sick leave	77,995	101,358
Other retirement and post-employment benefits	<b>153,543</b>	143,040
	<b>231,538</b>	<b>244,398</b>

The benefit plans, as noted above, are all unfunded; however, the Board participates in reserve funds established by the City. The amounts contributed to these reserve funds during the year were \$1,509,413 [2008 - \$1,441,235] and are included in the Statement of Operations.

Due to the complexities in valuing the liabilities of the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2009 as scheduled.

The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations and benefit costs are as follows:

	<b>2009</b>	<b>2008</b>
	<b>%</b>	<b>%</b>
Discount rate for accrued benefit obligations		
Sick leave	7.0	7.0
Other retirement and post-employment benefits	7.0	7.0
Discount rate for accrued benefit costs		
Sick leave	5.0	5.0
Other retirement and post-employment benefits	4.9	4.9
Rate of compensation increase	<b>3.0</b>	<b>3.0</b>

For measurement purposes, a 7.6% annual rate of increase in the per capita cost of covered health care benefits was assumed. The rate is assumed to decrease gradually to 4.6% by 2017 and remain at that level thereafter.



## Board of Management of the Toronto Zoo

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

In addition to the above noted plans, the Board makes contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"], which is a multi-employer plan, on behalf of qualifying employees. 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. Total employer contributions for the year ended December 31, 2009, amounted to \$1,127,219 [2008 - \$1,087,174].

#### 6. INTERNALLY RESTRICTED FUND

The Board has internally restricted \$1,424,119 [2008 - \$1,415,791] for the Ride & Revenue Development project, consisting of insurance proceeds, including interest earned thereon, from the monorail property damage claim for anticipated capital improvements.

#### 7. ANIMAL TRANSACTION RESERVE FUND

The Animal Transaction Reserve Fund is a fund of the City and is not recorded in these financial statements. The purpose of the Animal Transaction Reserve Fund is to accumulate all funds earned from animal trading activity which are available to the Zoo to be used to finance any net cost of animal trading activity. Details of the Animal Transaction Reserve Fund are as follows:

	2009	2008
	\$	\$
<b>Balance, beginning of year</b>	<b>372,566</b>	<b>391,912</b>
Revenue		
Revenue from animals sold	(2,053)	11,897
Interest earned	4,567	25,316
Expenses		
Animals purchased	(51,988)	(56,834)
Other revenues (expenses)	0	275
<b>Balance, end of year</b>	<b>323,092</b>	<b>372,566</b>

## Board of Management of the Toronto Zoo

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

#### 8. ENDANGERED SPECIES RESERVE FUND

The Endangered Species Reserve Fund is a fund of the City and is not recorded in these financial statements. The Endangered Species Reserve Fund was established for the purpose of funding conservation, education and research projects for the preservation of endangered species. Details of the Endangered Species Reserve Fund are as follows:

	2009	2008
	\$	\$
<b>Balance, beginning of year</b>	<b>785,487</b>	761,473
Revenue		
Interest earned	36,291	18,631
Donations, grants and wishing wells	49,624	91,248
Expenses		
Services and rentals	(54,801)	(62,964)
Materials and supplies	—	—
Salaries and wages	—	(22,901)
<b>Balance, end of year</b>	<b>816,601</b>	785,487

#### 9. ZOO STABILIZATION RESERVE FUND

The Zoo Stabilization Reserve Fund is a fund of the City and is not recorded in these financial statements. The City established the Zoo Stabilization Reserve Fund for the purpose of investing in revenue generating activities, preparing for special events in advance of the budget year, and offsetting revenue shortfalls with the objective of reducing the Zoo's reliance on the City's tax levy. For years beginning after December 31, 2004, any excess funds are to be transferred to the City unless approved otherwise as a transfer to the Zoo Stabilization Reserve Fund. As a result, the Zoo Stabilization Reserve Fund has been fully depleted with no remaining balance in the fund for two consecutive years.

## Board of Management of the Toronto Zoo

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

#### 10. TORONTO COMMUNITY FOUNDATION

In September 2008, the Board of Management of the Toronto Zoo ("Board") ended its relationship with the Toronto Zoo Foundation. The Foundation continued to operate for an interim period for the orderly wind-up of its affairs and dissolution of its net assets. On May 29th, 2009 this process was successfully completed.

In an Agreement between the Board of Management, the Toronto Zoo and the Toronto Zoo Foundation, the Foundation's financial assets of \$6,293,769 were transferred to the Toronto Community Foundation. The Toronto Community Foundation performs a financial stewardship role and administers the funds in accordance with the terms of the Trust Agreement between the Toronto Zoo Foundation, the Toronto Community Foundation and the Board.

The Board and the Toronto Community Foundation entered into a Trust Distribution Agreement on May 29th, 2009 which defines how the trust property is distributed to the Toronto Zoo and the reporting requirements for the parties.

A separate Development Funds Agreement between the Toronto Community Foundation and the Board effective May 29th, 2009 outlines the process for funds that are raised subsequent to this date by the Development Division of the Toronto Zoo and held by the Toronto Community Foundation on behalf of the Zoo.

The value of funds administered by the Toronto Community Foundation as at December 31<sup>st</sup>, 2009 are outlined in the table below. The comparative amounts as at May 29<sup>th</sup>, 2009 represent the value of assets transferred to the Toronto Community Foundation as of that date upon dissolution of the Toronto Zoo Foundation.

	2009	May 29, 2009
	\$	\$
Donor restricted funds	1,615,962	1,425,595
Internally restricted	2,574,616	2,271,316
Unrestricted	2,943,630	2,596,858
Development	57,611	57,826
	<u>7,191,819</u>	<u>6,351,595</u>

## **Board of Management of the Toronto Zoo**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

#### **11. CAPITAL EXPENDITURES COMMITMENT**

As at December 31, 2009, the Board was contractually committed for \$6,487,245 [2008 - \$5,496,225] in capital expenditures.

#### **12. FINANCIAL INSTRUMENTS**

The carrying values of the Board's financial instruments approximate their fair values unless otherwise noted.

The Board is exposed to changes in electricity prices associated with a wholesale spot market for electricity in Ontario. The Board has addressed the commodity price risk exposure associated with changes in the wholesale price of electricity by entering into energy related purchase and sales contracts, through an agreement with the City that fixes a portion the wholesale price over the term of the contract. One contract is outstanding at December 31, 2008 and expires on December 31, 2009. The contract is in a loss position at December 31, 2008; however the Board's portion of this loss is nominal.

#### **13. CAPITAL MANAGEMENT**

In managing capital, the Board focuses on liquid resources available for operations. The Board's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2009, the Board has met its objective of having sufficient liquid resources to meet its current obligations.

#### **14. CONTINGENCIES**

In the normal course of its operations, the Board is subject to various arbitrations, litigations and claims. Where a potential liability is determinable, management believes the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the period during which the liability is determinable.

#### **15. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2009 financial statements.