

Board of Management of the Toronto Zoo

Financial Statements
December 31, 2011



May 31, 2012

Independent Auditor's Report

To the Directors of Board of Management of the Toronto Zoo

We have audited the accompanying financial statements of the Board of Management of the Toronto Zoo, which comprise the balance sheet as at December 31, 2011 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 generally accepted accounting principles, 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.

Auditor's responsibility

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 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 audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Management of the Toronto Zoo as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Board of Management of the Toronto Zoo

Balance Sheet

As at December 31, 2011

	2011 \$	2010 \$
Assets		
Current assets		
Cash	5,783,120	7,529,841
Accounts receivable		
City of Toronto (note 4)	3,060,572	2,720,744
Trade	1,231,306	298,453
Toronto Community Foundation (note 11)	730,226	230,649
Inventories	424,132	432,395
Prepaid supplies	273,430	269,325
	<hr/>	<hr/>
	11,502,786	11,481,407
Capital assets - net (note 5)	1,973,020	2,422,905
Receivable from City of Toronto (note 4(c))	10,889,830	10,637,845
	<hr/>	<hr/>
	24,365,636	24,542,157
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 4 and 16)	6,293,158	5,967,120
Deferred revenue	3,758,526	4,079,683
	<hr/>	<hr/>
	10,051,684	10,046,803
Employee future benefits payable (note 6)	10,889,830	10,637,845
	<hr/>	<hr/>
	20,941,514	20,684,648
Net Assets		
Internally restricted fund (note 7)	3,424,122	3,857,509
	<hr/>	<hr/>
	24,365,636	24,542,157
Commitments and contingencies (notes 13 and 15)		

Approved by the Board of Directors



Chair



Vice-Chair

The accompanying notes are an integral part of these financial statements.

Board of Management of the Toronto Zoo

Statement of Operations

For the year ended December 31, 2011

	2011	2010	
	Budget \$ (Unaudited)	Actual \$	Actual \$
Revenue			
Funding from City of Toronto			
General appropriation	11,577,500	11,577,500	11,388,300
Capital works contribution	171,000	157,029	76,000
Funding from deferred revenue	997,522	895,860	468,091
Admission	12,469,917	11,070,320	11,238,977
Membership	3,506,806	3,136,856	3,651,559
Food services	5,863,628	5,805,885	5,682,662
Gift shop operations	3,170,000	2,448,219	2,608,657
Parking	2,913,599	2,745,244	2,799,661
Rides and rentals	1,203,979	779,712	769,549
Education programs	812,675	790,105	749,662
Other revenue and recoveries	1,319,736	2,391,223	2,216,930
Interest	-	16,498	10,485
Development (note 12)	2,272,671	516,381	648,933
	46,279,033	42,330,832	42,309,466
Expenses			
Operations and administration	17,520,298	16,236,822	17,166,970
Conservation, education and wildlife	13,949,583	14,351,191	13,823,060
Marketing and communications	3,628,772	2,978,476	3,135,833
Food services	4,625,388	4,709,171	5,117,559
Gift shop operations (note 17)	2,367,761	1,787,185	1,900,995
General management	1,946,269	1,757,392	1,506,675
Amortization of capital assets	-	540,312	527,600
Development	2,240,962	1,126,654	747,438
	46,279,033	43,487,203	43,926,130
Excess of expenses over revenue before the following	-	(1,156,371)	(1,616,664)
Transfer to Toronto Community Foundation (note 11)	-	-	(260,765)
Additional subsidy required from City of Toronto (notes 1 and 4(b))	-	470,999	1,669,620
Transfer from City of Toronto related to change in employee future benefits payable (note 4(c))	-	251,985	120,318
Excess of expenses over revenue for the year	-	(433,387)	(87,491)

The accompanying notes are an integral part of these financial statements.

Board of Management of the Toronto Zoo

Statement of Changes in Net Assets

For the year ended December 31, 2011

	2011		
	Internally restricted \$ (note 7)	Unrestricted \$	Total \$
Net assets - Beginning of year	3,857,509	-	3,857,509
Excess of expenses over revenue for the year	-	(433,387)	(433,387)
Interest on internally restricted fund (note 7)	16,498	(16,498)	-
Change in net assets invested in capital assets	(449,885)	449,885	-
Net assets - End of year	<u>3,424,122</u>	-	<u>3,424,122</u>

	2010		
	Internally restricted \$ (note 7)	Unrestricted \$	Total \$
Net assets - Beginning of year	3,945,000	-	3,945,000
Excess of expenses over revenue for the year	-	(87,491)	(87,491)
Interest on internally restricted fund (note 7)	10,485	(10,485)	-
Change in net assets invested in capital assets	(97,976)	97,976	-
Net assets - End of year	<u>3,857,509</u>	-	<u>3,857,509</u>

The accompanying notes are an integral part of these financial statements.

Board of Management of the Toronto Zoo

Statement of Cash Flows

For the year ended December 31, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenue for the year	(433,387)	(87,491)
Add: Item not involving cash		
Amortization of capital assets	540,312	527,600
	<hr/>	<hr/>
	106,925	440,109
Changes in non-cash working capital balances		
Accounts receivable		
City of Toronto	(339,828)	(1,692,389)
Trade	(932,853)	(93,935)
Due from Toronto Community Foundation	(499,577)	(230,649)
Inventories	8,263	7,957
Prepaid supplies	(4,105)	51,815
Accounts payable and accrued liabilities	326,038	(909,433)
Deferred revenue	(321,157)	89,676
Due to Toronto Community Foundation	-	(238,812)
	<hr/>	<hr/>
	(1,656,294)	(2,575,661)
Investing activities		
Purchase of capital assets	(90,427)	(429,624)
	<hr/>	<hr/>
Decrease in cash during the year	(1,746,721)	(3,005,285)
Cash - Beginning of year	7,529,841	10,535,126
	<hr/>	<hr/>
Cash - End of year	5,783,120	7,529,841
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The accompanying notes are an integral part of these financial statements.

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

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 4(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 specimen surpluses according to its needs, recording animal trades at fair value. All these transactions are recorded through the Animal Transaction Reserve Fund held by the City (note 8). In addition, the City maintains an Endangered Species Reserve Fund for the Board (note 9).

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 10).

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 5). 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 (2010 - \$333,000) for the vehicle reserve and \$198,615 (2010 - \$191,200) 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.

The significant accounting policies are summarized as follows:

Revenue recognition

Revenues from admissions and other related services are recognized at point of sale. The Board follows the deferral method of accounting for contributions. Unrestricted 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.

Deferred revenue

Deferred revenue includes the balance of funds that have been received from membership operations and specific grant based operating projects the Board has not yet expended.

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

Inventories

Inventories consist of gift shop 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

Impairment of long-lived assets

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss, if any, is calculated as the difference between the fair value of the assets and their carrying value.

Contributed materials and services

Agreements are entered into with corporate sponsors whereby the 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.

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;

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

- 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 a hedging relationship and are recorded at their fair value as a financial asset or a financial liability based on quoted market prices or dealer quotes with changes in fair value, if any, recorded in the statement of operations.

Financial instruments

The Board has classified each of its financial instruments into accounting categories. The category of a financial instrument determines its subsequent accounting treatment. The classification of each financial instrument is as follows:

Description	Classification
Cash	held-for-trading
Accounts receivable	loans and receivables
Accounts payable and accrued liabilities	other liabilities

Held-for-trading financial instruments are carried at fair value, with changes in fair value recognized in the statement of operations in the current year. Available-for-sale financial instruments are carried at fair value, with changes in fair value recognized directly in fund balances until they are realized through disposal or impairment. Investments are accounted for on a settlement date basis and related transaction costs are expensed as incurred.

Loans and receivables are carried at amortized cost, using the effective interest method net of impairment. Other liabilities are carried at amortized cost using the effective interest method.

The Board has elected to follow the disclosure requirements of Section 3861, Financial Instruments - Disclosure and Presentation, of The Canadian Institute of Chartered Accountants (CICA) Handbook.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 Future accounting changes

Effective for fiscal years beginning on January 1, 2012, government controlled not-for-profit organizations are required to choose between Canadian Public Sector Accounting Standards (PSAS) and PSAS for not-for-profit organizations. Early adoption of these standards is permitted. The Board currently plans to adopt PSAS for not-for-profit organizations for its fiscal year beginning January 1, 2012. The impact of the transition has not been determined at this time.

4 Related party transactions, 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 administration costs. Transactions between the City and the Board are made at the agreed on 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 these expenses comprise a large component of the year-end receivable with the City.
- 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 or payable to the City and the changes during the year are as follows:

	2011 \$	2010 \$
Due to the City related to operating excess - Beginning of year	(49,251)	(1,718,871)
Excess funding receivable from City	470,999	1,669,620
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Due from (to) the City related to operating excess - End of year	421,748	(49,251)

- c) The Board has recorded a non-interest bearing, long-term receivable in connection with the expected recoveries of employee benefit costs (note 6) 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.
- d) In the normal course of operations, the Board purchases hydro energy services from Toronto Hydro, which is a related party by virtue of its relationship with the City. In the current year, services purchased from Toronto Hydro during the year amounted to \$1,265,590 (2010 - \$1,100,164). The amount payable to Toronto Hydro at year-end was \$208,773.

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

5 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 \$5,612,679 (2010 - \$3,938,311) of capital improvements to the Zoo during the year. Since the capital facilities are not an asset of the Board, these amounts have not been recorded in these financial statements.

Capital assets consist of the following:

	2011		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Computer equipment	159,651	157,451	2,200
Other equipment and animal structures	4,080,110	2,256,091	1,824,019
Furniture	221,099	74,298	146,801
	<hr/> 4,460,860	<hr/> 2,487,840	<hr/> 1,973,020
			<hr/> 2010 <hr/>
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	\$
Computer equipment	159,651	153,055	6,596
Other equipment and animal structures	4,022,199	1,742,286	2,279,913
Furniture	188,584	52,188	136,396
	<hr/> 4,370,434	<hr/> 1,947,529	<hr/> 2,422,905

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

6 Employee benefits

The Board has a number of defined benefit plans providing pension, sick leave, gratuity benefits 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:

	2011 \$	2010 \$
Sick leave	3,684,036	3,372,045
Other retirement and post-employment benefits	7,374,639	6,508,406
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Total accrued benefit obligations	11,058,675	9,880,451
Unamortized actuarial gain	(168,845)	757,394
	<hr/>	<hr/>
Total employee future benefits payable (note 4(c))	10,889,830	10,637,845

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' accumulated sick leave has vested and could be taken in cash by them on termination.

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

	2011 \$	2010 \$
Balance - Beginning of year	9,880,451	8,791,809
Current service cost	298,162	262,741
Interest cost	499,870	500,835
Benefits paid	(508,222)	(553,369)
Actuarial gain	888,414	878,435
	<hr/>	<hr/>
Balance - End of year	11,058,675	9,880,451

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

	2011 \$	2010 \$
Current service cost	298,162	262,741
Interest cost	499,870	500,835
Amortization of actuarial gain	(37,824)	(89,889)
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	760,208	673,687

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

For purposes of the financial statement presentation, these expenses are included in the figures in 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 an excess (deficiency) of revenue over expenses from budget.

Cash payments made during the year are as follows:

	2011	2010
	\$	\$
Sick leave	205,330	215,171
Other retirement and post-employment benefits	302,892	338,198
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	508,222	553,369
	<hr/>	<hr/>

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 \$1,788,498 (2010 - \$1,571,895) and are included in the statement of operations.

Due to complexities in valuing the liabilities, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed on December 31, 2010. The next actuarial valuation will be completed on December 31, 2012.

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

	2011	2010
	%	%
Discount rate for accrued benefit obligations		
Sick leave	4.2	4.5
Other retirement and post-employment benefits	3.7 - 4.4	4.5 - 5.1
Discount rate for accrued benefit costs		
Sick leave	7.6	7.6
Other retirement and post-employment benefits	7.6	7.6
Rate of compensation increase	3.0	3.0

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 2020 and remain at that level thereafter.

In addition to the above noted plans, the Board makes contributions to the Ontario Municipal Employees Retirement Fund, 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, 2011 amounted to \$1,410,569 (2010 - \$1,171,637).

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

7 Internally restricted fund

Details of internally restricted net assets are as follows:

	2011 \$	2010 \$
Invested in capital assets	1,973,020	2,422,905
Ride & Revenue Development project	1,451,102	1,434,604
	<u>3,424,122</u>	<u>3,857,509</u>

The Board has internally restricted \$1,451,102 (2010 - \$1,434,604) for the Ride & Revenue Development project, consisting of insurance proceeds and interest earned thereon, from the monorail property damage claim for anticipated capital improvements.

8 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:

	2011 \$	2010 \$
Balance - Beginning of year	278,251	323,092
Revenue		
Revenue from animals sold	1,282	3,328
Interest earned	7,136	3,696
Expenses		
Animals purchased	(82,603)	(51,865)
	<u>204,066</u>	<u>278,251</u>

9 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:

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

	2011 \$	2010 \$
Balance - Beginning of year	821,613	816,601
Revenue		
Interest earned	15,997	7,136
Donations, grants and wishing wells	51,474	58,602
Expenses		
Services and rentals	(59,119)	(60,726)
Balance - End of year	<u>829,965</u>	<u>821,613</u>

10 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. At the present time, the Zoo Stabilization Reserve Fund is fully depleted.

11 Toronto Community Foundation (the Foundation)

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

The value of funds administered by the Foundation as at December 31 is outlined below:

	2011 \$	2010 \$
Donor restricted funds	1,762,775	1,725,026
Internally restricted	2,515,691	2,798,853
Unrestricted	2,876,669	3,200,406
Development	22,643	22,158
	<u>7,177,778</u>	<u>7,746,443</u>

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

A separate development funds agreement between the Foundation and the Board, effective August 17, 2010, outlines the process relating to funds raised subsequent to this date by the development division of the Zoo and transferred to the Foundation, to be held by this organization on behalf of, and for the future use of, the Zoo.

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

The transfer activity between the Foundation and the Board in 2011 included a transfer to the Board of \$730,226 (2010 - \$730,226) and a transfer from the Board of \$nil (2010 - \$260,765). A net receivable of \$730,226 has been reflected in the balance sheet (2010 - net receivable of \$230,649).

12 Development activities

During the year, the Zoo received contributions of \$1,066,796 (2010 - \$1,429,500) relating to development activities.

	2011 \$	2010 \$
Contributions	1,066,796	1,429,500
Deferred revenue	(550,415)	(780,567)
	<hr/>	<hr/>
Development revenue	516,381	648,933

Contributions received for programs not yet complete are reflected in deferred revenue on the balance sheet.

13 Capital expenditures commitment

As at December 31, 2011, the Board was contractually committed for \$3,388,385 (2010 - \$3,703,785) in capital expenditures.

14 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, 2011, the Board has met its objective of having sufficient liquid resources to meet its current obligations.

15 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 year during which the liability is determinable.

16 Pay equity

An accrual for pay equity amounts due to employees and former employees of \$435,597 (2010 - \$500,597) is included in accounts payable and accrued liabilities. Any increase or decrease to this accrual for pay equity has

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2011

no impact on the excess revenue over expenses since there is an equal and offsetting adjustment to the transfer of funding to the City.

17 Inventories

The amount of inventories recognized as cost of sales during the year was \$1,049,182 (2010 - \$1,153,916), and is included in gift shop operations expense.

18 Comparative financial statements

The comparative financial statements have been reclassified from the financial statements previously presented to conform to the presentation of the 2011 financial statements.

19 Subsequent events

Subsequent to the year-end, the accreditation status of the Zoo was rescinded by the Association of Zoos and Aquariums (AZA). The AZA stated their decision was entirely due to governance matters and the decision by Toronto City Council, overturning a previous Board decision, regarding the transfer of elephants to another facility.

Toronto Zoo management is currently evaluating the impact of the decision by the AZA to rescind the accreditation of the Zoo. In assessing the situation, it is very likely the Zoo will experience difficulties in transacting with other AZA accredited facilities in the areas of animal breeding loans related to the Species Survival Plans (SSP) and other animal acquisition requests on a case by case basis. At the same time, other AZA accredited facilities could request the return of animals or species currently on loan to the Zoo.