

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Toronto

We have audited the consolidated balance sheet of the **City of Toronto Trust Funds** as at December 31, 2009 and the consolidated statement of operations and changes in fund balances and the statement of continuity of trust funds for the year then ended. These financial statements are the responsibility of the City'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 consolidated financial statements present fairly, in all material respects, the financial position of the City of Toronto Trust Funds as at December 31, 2009 and the results of its operations and changes in fund balances for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
April 23, 2010

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31

	2009 \$000	2008 \$000
Assets		
Cash	1,167	1,113
Accounts receivable	1	51
Due from City of Toronto (Note 3)	15,345	14,465
Investments (Note 4)	32,198	29,823
TOTAL ASSETS	48,711	45,452
Liabilities		
Accounts payable	100	102
TOTAL LIABILITIES	100	102
Fund Balances	48,611	45,350
TOTAL LIABILITIES AND FUND BALANCES	48,711	45,452

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

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31

	2009	2008
	\$000	\$000
Revenue		
Investment income (loss)	2,833	(2,017)
Contributions	<u>3,832</u>	<u>6,426</u>
	<u>6,665</u>	<u>4,409</u>
Expenses		
Expenses	3,404	6,909
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	3,261	(2,500)
FUND BALANCES, BEGINNING OF YEAR	45,350	47,850
FUND BALANCES, END OF YEAR	<u>48,611</u>	<u>45,350</u>

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

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED STATEMENT OF CONTINUITY OF TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31

	Balance December 31, 2008 \$000	Contributions \$000	Investment Income \$000	Expenses \$000	Balance December 31, 2009 \$000
Toronto Atmospheric Trust Fund	18,463	-	2,704	108	21,059
Homes for the Aged Residents	7,514	2,826	51	3,090	7,301
Keele Valley Site Post-Closure	7,395	-	14	-	7,409
Community Centre Development Levy Trust	3,710	486	18	-	4,214
Library Development Levy Trust	2,559	336	13	-	2,908
Community Services & Facilities	1,154	-	5	-	1,159
Contract Aftercare Project	1,047	-	5	-	1,052
Indemnity Deposit – Waterpark Place	1,027	-	7	-	1,034
90 Lisgar Street Trust	591	-	4	-	595
Queen's Quay Community Services	516	-	2	-	518
Public Art Maintenance Trust	384	-	2	-	386
Lakeshore Pedestrian Bridge	236	-	2	-	238
Other Trust Funds	236	-	3	5	234
Police Services Board	104	184	-	201	87
Municipal Elections Candidates' Surplus	128	-	1	-	129
Children's Green House Trust	108	-	1	-	109
Green Lane Small Claims	103	-	1	-	104
Preservation Trust	48	-	-	-	48
Ontario Home Renewal Project	27	-	-	-	27
Total	45,350	3,832	2,833	3,404	48,611

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

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. ORGANIZATION

The City of Toronto Consolidated Trust Funds [the “Funds”] consists of various trust funds administered by the City of Toronto [the “City”].

The Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants [“CICA”]. As a result, the City has implemented accounting policies applicable for “not for profit” organizations in preparing these consolidated financial statements.

These consolidated financial statements include trust funds administered by the City as well as those within organizations that are accountable for the administration of their financial affairs and resources to City Council and are controlled by the City. The Funds’ consolidated financial statements are the representation of management and have been prepared in accordance with the accounting policies set out below.

(i) Revenue recognition

The Funds follow the restricted fund method of accounting for contributions. The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Funds are all classified as “restricted” and are to be used only for the specific purposes as specified by each trust agreement.

Investment income is recorded when earned. Contributions are recorded when the cash is received. Expenses are recognized on the accrual basis of accounting which recognizes expenses as they are incurred, are measurable and the creation of a legal obligation to pay exists.

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(ii) Investments and investment income

Investments have been designated as held for trading. Investments consist of short-term instruments of various financial institutions, equities and corporate and government bonds and are authorized investments pursuant to the provisions of the Municipal Act.

The value of investments recorded in the consolidated financial statements is determined as follows:

- [a] Short-term investments are comprised of money market instruments, such as bankers' acceptances, and are valued based on cost plus accrued income, which approximates fair value.
- [b] Publicly traded equities and bonds are determined based on the latest bid prices.

Transactions are recorded on a settlement-date basis. Transaction costs are expensed as incurred.

Investment income which consists of interest, dividends and realized and unrealized gains and losses on investments is recorded as revenue in the consolidated statement of operations and changes in fund balances.

The Funds have chosen to continue to apply CICA 3861: *Financial Instruments – Disclosure and Presentation* in place of CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*.

(iii) Use of estimates

The preparation of 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

3. DUE FROM THE CITY OF TORONTO

The Funds have amounts due from the City of \$15,345 [2008 - \$14,465] at December 31 which are due on demand. These amounts arose as a result of investment and banking transactions due to the City maintaining bank accounts or holding investments on behalf of the Funds. Investment income earned on these amounts is credited to the Funds.

4. INVESTMENTS

Investments consist of the following:

	2009 \$	2008 \$
Short-term investments	12,219	12,066
Equities - Canadian	6,185	3,739
Equities - Foreign	5,138	4,542
Corporate bonds	3,839	2,489
Government of Canada bonds	2,868	4,544
Provincial bonds	1,078	1,634
School Board bonds	337	496
Municipal bonds	534	313
Market value	32,198	29,823
 Amortized cost	 32,330	 32,140
 Range of maturity dates	 2010-2108	 2009-2034
 Excess of amortized cost over market value	 132	 2,317

The Toronto Atmospheric Trust Fund is invested in a mix of investments including short-term investments, equities and fixed income securities. Other funds are primarily invested in short-term and fixed income securities or are invested with the City of Toronto.

Interest rates on fixed income securities range from 3.43% to 9.98% [2008 - 3.75% to 9.62%].

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

5. FINANCIAL INSTRUMENTS

The Funds are subject to market risk, interest rate price risk and foreign currency risk with respect to the investment portfolio.

6. CAPITAL MANAGEMENT

In managing capital, the Funds focus on liquid resources available for payout requirements. The Funds' objective is to have sufficient liquid resources to meet payout requirements, despite adverse financial events. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2009, the Funds have met their objective of having sufficient liquid resources to meet their current requirements.

7. STATEMENT OF CASH FLOWS

A separate consolidated statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other consolidated financial statements.

8. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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