



Financial Statements

Heritage Toronto

December 31, 2011

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Independent Auditor's Report

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To the Board of Directors of
Heritage Toronto

We have audited the accompanying financial statements of the **Heritage Toronto** which comprise the statement of financial position as at December 31, 2011, and the statement of operations and operating fund, statement of operations and fund balances - board designated funds, statement of operations and fund balances - externally restricted funds and statement of cash flows for the year then ended, and 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 qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue 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 revenues, excess of revenue over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the **Heritage Toronto** 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.



Toronto, Ontario
June 21, 2012

Chartered Accountants
Licensed Public Accountants

Heritage Toronto

Statement of Operations and Operating Fund

Year Ended December 31, 2011

	City <u>Funded</u>	Other <u>Programs</u>	<u>Total</u> <u>2011</u>	<u>Total</u> <u>2010</u>
Revenue				
Grants - City of Toronto	\$ 346,400	\$ -	\$ 346,400	\$ 365,700
Donations	-	32,754	32,754	37,867
Memberships	-	13,930	13,930	16,540
Corporate sponsorship	-	99,879	99,879	106,780
Ticket Sales	-	7,410	7,410	30,526
Plaque revenue	-	95,935	95,935	97,467
Other income	-	3,033	3,033	6,375
Funds released from designated	-	94,080	94,080	-
	<u>346,400</u>	<u>347,021</u>	<u>693,421</u>	<u>661,255</u>
Expenditures				
Administration	46,933	-	46,933	32,929
Communication	-	1,846	1,846	7,605
Program expenses	-	150,399	150,399	137,968
Wages and benefits	<u>494,833</u>	<u>-</u>	<u>494,833</u>	<u>482,909</u>
	<u>541,766</u>	<u>152,245</u>	<u>694,011</u>	<u>661,411</u>
Excess (deficiency) of revenue over expenditures	\$ (195,366)	\$ 194,776	\$ (590)	\$ (156)
<hr/>				
Operating fund deficiency, beginning of year			\$ (7,246)	\$ (7,090)
Deficiency of revenue over expenditures			<u>(590)</u>	<u>(156)</u>
Operating fund deficiency, end of year			<u>\$ (7,836)</u>	<u>\$ (7,246)</u>

See accompanying notes to the financial statements.

Heritage Toronto

Statement of Financial Position

December 31

2011

2010

Assets

Current

Cash and cash equivalents	\$ 513,058	\$ 365,645
Receivables	24,780	52,463
Prepays	<u>4,836</u>	<u>4,984</u>
	542,674	423,092

Agency trust funds	<u>40,011</u>	<u>31,951</u>
	<u>\$ 582,685</u>	<u>\$ 455,043</u>

Liabilities

Current

Payables and accruals	\$ 40,660	33,892
Deferred revenue	<u>186,585</u>	<u>125,301</u>
	227,245	159,193

Agency trust funds	<u>40,011</u>	<u>31,951</u>
	<u>267,256</u>	<u>191,144</u>

Fund Balances (Note 4)

Restricted

Board designated funds (Page 9)	288,195	233,854
Externally restricted funds (Page 10)	35,070	37,291

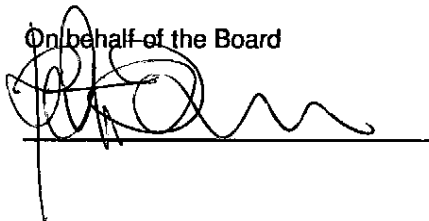
Unrestricted

Operating fund deficiency	<u>(7,836)</u>	<u>(7,246)</u>
	<u>315,429</u>	<u>263,899</u>

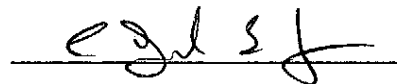
	<u>\$ 582,685</u>	<u>\$ 455,043</u>
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Commitments (Note 7)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Heritage Toronto

Statement of Cash Flows

Year Ended December 31

2011

2010

Increase in cash and cash equivalents

Operating activities

Excess (deficiency) of revenue over expenditures

Operating fund	\$ (590)	(156)
Board designated fund (Page 9)	54,341	30,384
Externally restricted fund (Page 10)	(2,221)	-
Deferred revenue	<u>61,284</u>	<u>13,122</u>
	<u>112,814</u>	<u>43,350</u>

Changes in non-cash operating working capital

Receivables	27,683	(30,892)
Prepaid expenses	148	3,422
Payables and accruals	<u>6,768</u>	<u>(9,598)</u>
	<u>34,599</u>	<u>(37,068)</u>

Net increase in cash and cash equivalents 147,413 6,282

Cash and cash equivalents, beginning of year 365,645 359,363

Cash and cash equivalents, end of year \$ 513,058 \$ 365,645

See accompanying notes to the financial statements.

Heritage Toronto

Notes to the Financial Statements

December 31, 2011

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term marketable securities.

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

Heritage Toronto

Notes to the Financial Statements

December 31, 2011

2. Summary of significant accounting policies (continued)

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.

3. Capital assets			<u>2011</u>	<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture	\$ 4,992	\$ 4,992	\$ -	\$ -
Computer equipment and software	16,014	16,014	-	-
Office equipment	<u>6,019</u>	<u>6,019</u>	<u>-</u>	<u>-</u>
	\$ <u>27,025</u>	\$ <u>27,025</u>	\$ <u>-</u>	\$ <u>-</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 9.

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 10.

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 \$26,832 (2010 - \$17,968).

6. Plaque Program Fund

The Plaque Program Fund includes the Plaque Maintenance Fund of \$49,239 (2010 - \$37,983). This consists of transfers of 10% of the gross plaque revenue.

Heritage Toronto

Notes to the Financial Statements

December 31, 2011

7. Commitments

The Organization has entered into lease commitments for office equipments, which expire in 2014. The minimum lease payments are as follows:

2012	\$ 2,675
2013	\$ 2,675
2014	\$ 1,115

8. Financial instruments

The Organization's estimate of the fair value of financial instruments included in current assets and current liabilities approximates their carrying value.

Heritage Toronto **Statement of Operations and Fund Balance** **Board Designated Funds**

Year Ended December 31, 2011

	Built Heritage Awareness Fund	Heritage Education Program Fund	Community Heritage Research & Grant Fund	Heritage Innovation	Plaque Program Fund (Note 6)	Bequests Fund	2011 Total	2010 Total
Revenue								
Donations	\$ 1,405	\$ 19,620	\$ 615	\$ 810	\$ 14,867	\$ 115,000	\$ 152,317	\$ 49,134
Expenses								
Program expenses	<u>(31,250)</u>	<u>(38,430)</u>	<u>(8,495)</u>	<u>-</u>	<u>(19,801)</u>	<u>-</u>	<u>(97,976)</u>	<u>(18,750)</u>
Net revenue (expenditures)	\$ <u>(29,845)</u>	\$ <u>(18,810)</u>	\$ <u>(7,880)</u>	\$ <u>810</u>	\$ <u>(4,934)</u>	\$ <u>115,000</u>	\$ <u>54,341</u>	\$ <u>30,384</u>
Fund balance								
Beginning of year	\$ 50,532	\$ 78,246	\$ 23,903	\$ 3,570	\$ 77,603	\$ -	\$ 233,854	\$ 203,470
Net revenue (expenditures)	<u>(29,845)</u>	<u>(18,810)</u>	<u>(7,880)</u>	<u>810</u>	<u>(4,943)</u>	<u>115,000</u>	<u>54,341</u>	<u>30,384</u>
End of year	\$ <u>20,687</u>	\$ <u>59,436</u>	\$ <u>16,023</u>	\$ <u>4,380</u>	\$ <u>72,669</u>	\$ <u>115,000</u>	\$ <u>288,195</u>	\$ <u>233,854</u>

Heritage Toronto **Statement of Operation and Fund Balances** **Externally Restricted Funds**

Year Ended December 31, 2011

	Other Designated Fund	City Museum Activities Fund	Museum Site Preservation Fund	Museum Exhibit Development Fund	2011 Total	2010 Total
Revenue						
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses						
Program expenses	-	(2,221)	-	-	(2,221)	-
Net revenue (expenditures)	\$ -	\$ -	\$ -	\$ -	\$ (2,221)	\$ -
Fund balance						
Beginning of year	\$ 7,954	\$ 6,514	\$ 16,695	\$ 6,128	\$ 37,291	\$ 37,291
Net revenue (expenditures)	-	(2,221)	-	-	(2,221)	-
End of year	\$ 7,954	\$ 4,293	\$ 16,695	\$ 6,128	\$ 35,070	\$ 37,291