



Financial Statements

Heritage Toronto

December 31, 2012

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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, 2012, 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 public sector accounting standards for not-for-profit organizations, 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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Grant Thornton LLP

Toronto, Ontario
June 26, 2013

Chartered Accountants
Licensed Public Accountants

Heritage Toronto

Statement of Operations and Operating Fund

Year Ended December 31, 2012

	<u>City</u> <u>Funded</u>	<u>Other</u> <u>Programs</u>	<u>Total</u> <u>2012</u>	<u>Total</u> <u>2011</u> (unaudited)
Revenue				
Grants	\$ 311,800	\$ 5,500	\$ 317,300	\$ 346,400
Donations	-	54,751	54,751	32,754
Memberships	-	13,800	13,800	13,930
Corporate sponsorship	-	129,500	129,500	99,879
Ticket Sales	-	6,960	6,960	7,410
Plaque revenue	-	151,655	151,655	95,935
Other income	-	2,653	2,653	3,033
Funds released from designated	-	13,437	13,437	94,080
	<u>311,800</u>	<u>378,256</u>	<u>690,056</u>	<u>693,421</u>
Expenditures				
Administration	67,261	-	67,261	46,933
Communication	-	5,371	5,371	1,846
Program expenses	-	142,011	142,011	150,399
Wages and benefits	<u>475,705</u>	-	<u>475,705</u>	<u>494,833</u>
	<u>542,966</u>	<u>147,382</u>	<u>690,348</u>	<u>694,011</u>
Excess (deficiency) of revenue over expenditures	\$ <u>(231,166)</u>	\$ <u>230,874</u>	\$ <u>(292)</u>	\$ <u>(590)</u>
<hr/>				
Operating fund deficiency, beginning of year			\$ (7,836)	\$ (7,246)
Deficiency of revenue over expenditures			<u>(292)</u>	<u>(590)</u>
Operating fund deficiency, end of year			\$ <u>(8,128)</u>	\$ <u>(7,836)</u>

See accompanying notes to the financial statements.



Heritage Toronto

Statement of Financial Position

December 31	2012	2011	January 1, 2011
		(unaudited)	(unaudited)
Assets			
Current			
Cash and cash equivalents	\$ 441,987	\$ 513,058	\$ 365,645
Receivables	33,195	24,780	52,463
Prepays	<u>5,794</u>	<u>4,836</u>	<u>4,984</u>
	480,976	542,674	423,092
Agency trust funds	<u>40,743</u>	<u>40,011</u>	<u>31,951</u>
	<u>\$ 521,719</u>	<u>\$ 582,685</u>	<u>\$ 455,043</u>
Liabilities			
Current			
Payables and accruals	\$ 36,033	\$ 40,660	33,892
Deferred revenue	<u>94,717</u>	<u>186,585</u>	<u>125,301</u>
	130,750	227,245	159,193
Agency trust funds	<u>40,743</u>	<u>40,011</u>	<u>31,951</u>
	<u>171,493</u>	<u>267,256</u>	<u>191,144</u>
Fund Balances (Note 4)			
Restricted			
Board designated funds (Page 10)	323,284	288,195	233,854
Externally restricted funds (Page 11)	35,070	35,070	37,291
Unrestricted			
Operating fund deficiency	<u>(8,128)</u>	<u>(7,836)</u>	<u>(7,246)</u>
	<u>350,226</u>	<u>315,429</u>	<u>263,899</u>
	<u>\$ 521,719</u>	<u>\$ 582,685</u>	<u>\$ 455,043</u>

Commitments (Note 7)

On behalf of the Board

 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> <p style="margin: 0;">A. PIKE</p>	Director	 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/>	Director
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See accompanying notes to the financial statements.

Heritage Toronto

Statement of Cash Flows

Year Ended December 31 2012 2011
(unaudited)

Increase in cash and cash equivalents

Operating activities

Excess (deficiency) of revenue over expenditures		
Operating fund	\$ (292)	(590)
Board designated fund (Page 10)	35,089	54,341
Externally restricted fund (Page 11)	-	(2,221)
	<u>34,797</u>	<u>51,530</u>
Changes in non-cash operating working capital		
Receivables	(8,415)	27,683
Prepaid expenses	(958)	148
Payables and accruals	(4,627)	6,768
Deferred revenue	<u>(91,868)</u>	<u>61,284</u>
	<u>(105,868)</u>	<u>95,883</u>
Net (decrease) increase in cash and cash equivalents	(71,071)	147,413
Cash and cash equivalents, beginning of year	<u>513,058</u>	<u>365,645</u>
Cash and cash equivalents, end of year	\$ <u>441,987</u>	\$ <u>513,058</u>

See accompanying notes to the financial statements.

Heritage Toronto

Notes to the Financial Statements

December 31, 2012

1. Reorganization and operations

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

Basis of presentation

These financial statements have been prepared in accordance with Public Sector Accounting Standards for government not-for-profits ("PSA-GNPO") as issued by the Public Sector Accounting Board (PSAB). This is the first time that the Organization has prepared its financial statements in accordance with PSA-GNPO, having previously prepared its financial statements in accordance with Not-For-Profit accounting standards in Part V of the Canadian Institute of Chartered Accountants (CICA) Handbook. On January 1, 2012, the organization early adopted the Public Sector Accounting Handbook Sections 3450 – Financial Instruments. The new standards provide the classification, recognition and measurement requirements for financial instruments and is effective for years beginning on or after April 1, 2012, however, earlier adoption is permitted. This accounting policy change did not result in any adjustments at January 1, 2012.

Details of how the transition has affected the financial position and financial performance are disclosed in Note 9.

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.

Heritage Toronto

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies (continued)

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

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>2012</u>	<u>2011</u>	January 1, <u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</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>-</u>
	\$ <u>27,025</u>	\$ <u>27,025</u>	\$ <u>-</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 10.

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 11.

Heritage Toronto

Notes to the Financial Statements

December 31, 2012

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 \$29,337 (2011 - \$26,832).

6. Plaque Program Fund

The Plaque Program Fund includes the Plaque Maintenance Fund of \$62,953 (2011 - \$49,239). This consists of transfers of 10% of the gross plaque revenue.

7. Commitments

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

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

8. Financial instruments

The Organization's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk.

Credit Risk

Credit risk arises on outstanding receivables. It is management's opinion that the risk related to receivables is minimal as all receivables are current.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its cash flow obligations as they fall due. The Organization mitigates this risk by maintaining no debt and monitoring cash activities and expected outflows through budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The Organization's payables and accruals are all due within 30 days of its year end.

There have been no significant changes from the previous year in the exposure to risk or in methods used to measure the risk.

Heritage Toronto

Notes to the Financial Statements

December 31, 2012

9. Conversion to Public Sector Accounting Standards

These financial statements are the Organization's first financial statements prepared using the new Canadian Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-GNPO). The date of transition to the new accounting standards is January 1, 2011. The accounting policies presented in Note 2 to the financial statements were used to prepare the financial statements for the year ended December 31, 2012, the comparative information and the opening statement of financial position as at the date of transition.

The adoption of PSA-GNPO has not resulted in any adjustments to the previously reported assets and liabilities of the Organization.

Heritage Toronto
Statement of Operations and Fund Balance
Board Designated Funds

Year Ended December 31, 2012

	Built Heritage Awareness Fund	Heritage Education Program Fund	Community Heritage Reserach & Grant Fund	Heritage Innovation	Plaque Program Fund (Note 6)	Bequests Fund	2012 Total	2011 Total (unaudited)
Revenue								
Donations	\$ 340	\$ 24,240	\$ 875	\$ 890	\$ 14,902	\$ -	\$ 41,247	\$ 152,317
Expenses								
Program expenses	-	(3,400)	(2,000)	-	(758)	-	(6,158)	(97,976)
Net revenue (expenditures)	<u>\$ 340</u>	<u>\$ 20,840</u>	<u>\$ (1,125)</u>	<u>\$ 890</u>	<u>\$ 14,144</u>	<u>\$ -</u>	<u>\$ 35,089</u>	<u>\$ 54,341</u>
Fund balance								
Beginning of year	\$ 20,687	\$ 59,436	\$ 16,023	\$ 4,380	\$ 72,669	\$ 115,000	\$ 288,195	\$ 233,854
Net revenue (expenditures)	<u>340</u>	<u>20,840</u>	<u>(1,125)</u>	<u>890</u>	<u>14,144</u>	<u>-</u>	<u>35,089</u>	<u>54,341</u>
End of year	<u>\$ 21,027</u>	<u>\$ 80,276</u>	<u>\$ 14,898</u>	<u>\$ 5,270</u>	<u>\$ 86,813</u>	<u>\$ 115,000</u>	<u>\$ 323,284</u>	<u>\$ 288,195</u>

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

Year Ended December 31, 2012

	Other Designated Fund	City Museum Activities Fund	Museum Site Preservation Fund	Museum Exhibit Development Fund	2011 Total (unaudited)	2012 Total	2011 Total (unaudited)
Revenue							
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses							
Program expenses	-	-	-	-	(2,221)	-	(2,221)
Net revenue (expenditures)	\$ -	\$ -	\$ -	\$ -	\$ (2,221)	\$ -	\$ (2,221)
Fund balance							
Beginning of year	\$ 7,954	\$ 4,293	\$ 16,695	\$ 6,128	\$ 35,070	\$ 37,291	\$ 37,291
Net revenue (expenditures)	-	-	-	-	-	(2,221)	(2,221)
End of year	\$ 7,954	\$ 4,293	\$ 16,695	\$ 6,128	\$ 35,070	\$ 35,070	\$ 35,070