

Board of Management of the Toronto Zoo

Financial Statements
December 31, 2016



June 7, 2017

Independent Auditor's Report

To the Directors of Board of Management of the Toronto Zoo

We have audited the accompanying financial statements of Board of Management of the Toronto Zoo, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets, remeasurement gains and losses 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 public sector accounting standards, 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 Board of Management of the Toronto Zoo as at December 31, 2016 and the results of its operations, its remeasurement gains and losses, the changes in its net assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Board of Management of the Toronto Zoo

Statement of Financial Position

As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	6,653,662	5,482,469
Accounts receivable		
City of Toronto (note 3(b))	4,528,984	3,854,861
Toronto Foundation (note 9)	98,247	98,247
Trade	1,948,664	1,620,181
Inventories	489,931	419,105
Prepaid supplies	214,866	210,700
	13,934,354	11,685,563
Capital assets (note 4)	2,555,895	2,546,702
Receivable from City of Toronto (note 3(c))	11,780,625	11,753,329
	28,270,874	25,985,594
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 3(d) and 14)	8,484,667	7,331,762
Deferred revenue (note 5)	4,964,761	4,258,922
	13,449,428	11,590,684
Employee future benefits payable (note 6)	11,780,625	11,753,329
	25,230,053	23,344,013
Net Assets		
Accumulated remeasurement gains	47,457	29,320
Internally restricted fund (note 7)	2,622,007	2,612,261
Unrestricted fund	371,357	-
	3,040,821	2,641,581
	28,270,874	25,985,594
Commitments and contingencies (notes 12 and 13)		
Approved by the Board of Directors		
_____ Director	_____ Director	

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, 2016

	2016		2015
	Budget \$ (note 14)	Actual \$	Actual \$
Revenue			
Funding from City of Toronto			
General appropriation	11,884,989	11,884,989	11,739,065
Capital works contribution	171,000	170,832	171,000
Restricted contributions and grants	636,606	827,888	716,556
Admission	14,782,999	15,434,200	12,632,833
Membership	3,633,230	3,924,845	3,534,938
Food services	7,324,550	7,821,797	6,184,245
Gift shop operations	2,893,000	3,606,323	2,537,174
Parking	3,591,280	4,093,895	3,419,284
Rides and rentals	1,124,195	1,443,782	1,396,708
Education programs	912,923	888,934	919,313
Other revenue and recoveries	1,058,133	1,056,554	1,344,201
Development (note 10)	3,052,160	1,081,273	1,137,845
Interest	-	557	612
	51,065,065	52,235,869	45,733,774
Expenses			
Operations and administration	18,481,891	18,709,842	17,641,056
Conservation, education and wildlife	15,051,829	15,620,848	14,556,975
Marketing and communications	3,522,061	3,164,397	2,794,575
Food services	5,469,145	6,601,541	4,935,110
Gift shop operations	2,229,852	2,565,211	2,015,217
General management	3,892,808	3,920,111	3,236,628
Development	2,417,479	576,246	777,143
Amortization of capital assets	-	696,570	632,468
Employee future benefits (note 6)	-	27,296	227,151
	51,065,065	51,882,062	46,816,323
Excess of revenue over expenses (expenses over revenue) before the following	-	353,807	(1,082,549)
Additional funding from City of Toronto (note 3(b))	-	-	1,103,269
Funding from City of Toronto related to employee future benefits payable (note 3(c))	-	27,296	227,151
Excess of revenue over expenses for the year	-	381,103	247,871

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, 2016

	<u>2016</u>		<u>2015</u>
	Internally restricted \$ (note 7)	Unrestricted \$	Total \$
Net assets - Beginning of year	2,612,261	-	2,612,261
Excess of revenue over expenses for the year	-	381,103	381,103
Interest on internally restricted fund	557	(557)	-
Change in net assets invested in capital assets	9,189	(9,189)	-
Net assets - End of year	<u>2,622,007</u>	<u>371,357</u>	<u>2,993,364</u>

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

Board of Management of the Toronto Zoo

Statement of Remeasurement Gains and Losses

For the year ended December 31, 2016

	2016 \$	2015 \$
Accumulated remeasurement gains - Beginning of year	29,320	9,690
Unrealized gains attributable to foreign exchange	18,137	19,630
Accumulated remeasurement gains - End of year	<u>47,457</u>	<u>29,320</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, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	381,103	247,871
Add: Items not involving cash		
Amortization of capital assets	696,570	632,468
Employee future benefits (note 6)	27,296	227,151
	<hr/>	<hr/>
	1,104,969	1,107,490
Changes in non-cash working capital balances		
Accounts receivable		
City of Toronto	(674,123)	(2,470,417)
Trade	(328,483)	174,937
Toronto Foundation		-
Inventories	(70,826)	149,198
Prepaid supplies	(4,166)	(5,928)
Accounts payable and accrued liabilities	1,171,042	2,196,612
Deferred revenue	705,839	122,975
	<hr/>	<hr/>
	1,904,252	1,274,867
Capital activities		
Purchase of capital assets	(705,763)	(879,727)
Financing activities		
Receivable from City of Toronto	(27,296)	(227,151)
	<hr/>	<hr/>
Increase in cash during the year	1,171,193	167,989
Cash - Beginning of year	5,482,469	5,314,480
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Cash - End of year	6,653,662	5,482,469

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

Board of Management of the Toronto Zoo

Notes to Financial Statements

December 31, 2016

1 Operations and relationship with the City of Toronto

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 may approve the transfer or loan of specimen surpluses according to its needs, and recording animal transactions. 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 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 8).

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 (2015 - \$333,000) for the vehicle reserve and \$232,413 (2015 - \$232,413) 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

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) including the accounting standards that apply only to government not-for-profit organizations, as issued by the Canadian Public Sector Accounting Board, and include the following significant accounting policies.

Revenue recognition

The Board follows the deferral method of accounting for contributions. Unrestricted contributions (development revenue and general appropriation funding from the City of Toronto) 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 and grants are deferred and recognized as revenue in the year in which the related expenses are recognized.

Revenue from admissions, food services, gift shop operations, parking and rides and rental is recognized at point of sale.

Memberships sold are either a one or two-year memberships from the time of purchase. Revenue is recognized in the statement of operations over the term of the membership period and is deferred if it relates to future periods.

Education programs revenue is recognized once services have been provided and payment is received.

Board of Management of the Toronto Zoo

Notes to Financial Statements

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Cash

Cash represents cash in the bank. There are no restrictions on the cash balances held at the financial institution.

Inventories

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

The cost of gift shop merchandise sold, recognized in the statement of operations, for the year amounts to \$1,506,317 (2015 - \$1,141,420).

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 capital assets

The Board reviews the carrying amount, amortization and useful lives of its capital assets regularly. If the capital asset no longer has any long-term service potential to the Board, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Contributed materials and services

Agreements are entered into with corporate sponsors whereby the sponsors provide 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 the contributions are due;
- the costs of termination benefits and non-vesting and non-accumulating 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 the independent administrators of these plans, calculated on a present value basis; the costs of other employee benefits are actuarially determined using

Board of Management of the Toronto Zoo

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the projected benefits method pro-rated 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 recognized in the year incurred;
- employee future benefit liabilities are discounted using the City's cost of borrowing; and
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

Derivative financial instruments

From time to time, the Board may utilize 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.

As at December 31, 2016 and 2015, there were no derivative financial instruments outstanding.

Financial assets and liabilities

The Board initially measures its financial assets and financial liabilities at fair value. The Board subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and long-term receivable from the City. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs are capitalized and amortized on an effective interest rate basis over the useful life of the related financial instrument.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction dates. Revenue and expenses are translated at the exchange rates on the date of the transaction. Realized exchange gains of \$23,023 (2015 - losses of \$834) are included in the statement of operations. Unrealized foreign exchange gains are included in the statement of remeasurement gains and losses.

Board of Management of the Toronto Zoo

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Use of estimates

The preparation of these financial statements in accordance with PSAS 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 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 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 current receivable with the City at year-end.
- 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:

	2016 \$	2015 \$
Due from the City related to operating expenses - Beginning of year	1,129,284	26,015
Excess funding receivable from the City	-	1,103,269
	<hr/>	<hr/>
Due from the City related to operating expenses - End of year	1,129,284	1,129,284

- 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. Each year the receivable is adjusted for the change in the employee future benefits payable account so that the receivable agrees to the related liability.
- 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 \$1,681,565 (2015 - \$1,650,440). The amount payable to Toronto Hydro at year-end was \$163,428 (2015 - \$169,116).

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 \$11,855,743 (2015 - \$6,637,182) 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.

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Capital assets consist of the following:

	2016		
	Cost \$	Accumulated amortization \$	Net \$
Other equipment and animal structures	7,569,760	5,144,594	2,425,166
Furniture	359,205	228,476	130,729
	7,928,965	5,373,070	2,555,895
	2015		
	Cost \$	Accumulated amortization \$	Net \$
Other equipment and animal structures	6,863,999	4,479,203	2,384,796
Furniture	359,205	197,299	161,906
	7,223,204	4,676,502	2,546,702

5 Deferred revenue

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

The changes for the year in the deferred revenue balance are as follows:

	2016 \$	2015 \$
Balance - Beginning of year	4,258,922	4,135,947
Amounts received	5,720,665	4,428,847
Amounts recognized	(5,014,826)	(4,305,872)
Balance - End of year	4,964,761	4,258,922

The amount of deferred development contributions included in deferred revenue as at December 31, 2016, is \$2,685,199 (2015 - \$2,193,671).

6 Employee future benefits payable

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, has been noted, in aggregate, below.

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Notes to Financial Statements

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	2016 \$	2015 \$
Sick leave	2,990,763	2,970,577
Other retirement and post-employment benefits	8,853,039	9,038,571
Total accrued benefit obligations	11,843,802	12,009,148
Unamortized actuarial loss	(63,177)	(255,819)
Total employee future benefits payable	11,780,625	11,753,329

The Board adopted the current Illness & Injury Plan (IIP) to replace the former sick leave benefit plan in 2011. Under the previous sick leave benefit plan, certain long-term employees were grandfathered and declared eligible to carry their unused sick leave forward and may be entitled to a payment of up to 130 days when they leave the Board's employment. The liability for the accumulated sick leave represents the extent to which the eligible employees' accumulated sick leave has vested and could be paid to them on termination.

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

	2016 \$	2015 \$
Balance - Beginning of year	12,009,148	13,151,119
Current service costs	383,816	540,631
Interest cost	375,354	335,749
Benefits paid	(753,498)	(771,413)
Actuarial gain	(171,018)	(1,246,938)
Balance - End of year	11,843,802	12,009,148

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

	2016 \$	2015 \$
Current service costs	383,816	540,631
Interest cost	375,354	335,749
Amortization of actuarial loss	21,624	122,184
	780,794	998,564

These expenses are not included in the budget figures presented in the statement of operations, 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.

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Notes to Financial Statements

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Payments made during the year are as follows:

	2016 \$	2015 \$
Sick leave	127,464	210,443
Other retirement and post-employment benefits	626,034	560,970
	<u>753,498</u>	<u>771,413</u>

The net expense recorded by the Zoo for its post-employment benefit expense less estimated benefits paid during the year is as follows:

	2016 \$	2015 \$
Total expenses	780,794	998,564
Benefits paid	<u>(753,498)</u>	<u>(771,413)</u>
	<u>27,296</u>	<u>227,151</u>

The most recent actuarial valuation was completed on December 31, 2015. The next actuarial valuation is planned for December 31, 2018.

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

	2016 %	2015 %
Discount rate for accrued benefit obligations		
Sick leave	3.1	2.9
Other retirement and post-employment benefits	2.7 - 3.5	2.5 - 3.4
Discount rate for accrued benefit costs		
Sick leave	3.1	2.9
Other retirement and post-employment benefits	2.7 - 3.5	2.5 - 3.4
Rate of compensation increase	3.0	3.0

For measurement purposes, a 6% (2015 - 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 4.0% 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, 2016 amounted to \$1,961,314 (2015 - \$1,889,596).

Board of Management of the Toronto Zoo

Notes to Financial Statements

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7 Internally restricted fund

Details of the internally restricted net assets are as follows:

	2016 \$	2015 \$
Invested in capital assets	2,555,895	2,546,702
Ride & Revenue Development project	66,112	65,559
	<u>2,622,007</u>	<u>2,612,261</u>

The Board has internally restricted \$66,112 (2015 - \$65,559) 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 City of Toronto reserve funds

The City maintains a number of reserve funds on behalf of the Zoo, which are not recorded in these financial statements. These reserve funds are established by the City's Council and are detailed in the City's Municipal Code.

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 disposition activity, which are available to the Zoo to be used to finance any net cost of animal acquisitions. The balance of the Animal Transaction Reserve Fund as at December 31, 2016 was a deficit of \$58,356 (2015 - \$8,388).

Endangered Species Reserve Fund

The Endangered Species Reserve Fund was established for the purpose of funding conservation, education and research projects for the preservation of endangered species. The balance of the Endangered Species Reserve Fund as at December 31, 2016 was \$961,246 (2015 - \$971,663).

Zoo Stabilization Reserve Fund

Initially, 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. Beginning in fiscal year 2005 any operating surpluses are to be transferred to the City, unless the City approves a transfer to the Zoo Stabilization Reserve Fund.

In the 2013 budget, the City granted the Zoo a five-year exemption starting in fiscal 2013, to allow operating surpluses for financial planning purposes to be contributed to the Zoo Stabilization Reserve Fund. These contributions are to be applied to any unforeseen year-end operating deficits during the five-year period. Any unapplied contributions are to be transferred to the Animal Transaction Reserve Fund at the end of the five

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years. The Zoo has requested a contribution of \$371,357 (2015 - \$nil) to the Zoo Stabilization Reserve Fund from the 2016 surplus. The balance of the Zoo Stabilization Reserve Fund as at December 31, 2016 was \$2,440,932 (2015 - \$2,069,575).

9 Toronto Foundation

The Toronto Foundation (the Foundation) performs a financial stewardship role in accordance with the terms of the Trust Agreement (May 29, 2009) with the Board in relation to the funds managed by the Foundation on behalf of the Board.

The value of funds managed by the Foundation in relation to the Trust Agreement as at December 31 is outlined below:

	2016 \$	2015 \$
Donor restricted funds	3,089,901	2,842,136
Internally restricted	3,709,619	3,412,214
Unrestricted	5,427,517	3,840,277
	<u>12,227,037</u>	<u>10,094,627</u>

A separate Development Funds Agreement (the Agreement) is also in place between the Foundation and the Board related to funds raised by the development division of the Zoo subsequent to May 29, 2009. Any transfers of funds to the Foundation under the Agreement are managed and stewarded separately on the Board's behalf. The value of the funds governed under the Agreement as at December 31, 2016 is \$4,030,615 (2015 - \$4,861,150). The net activities between the Board and the Foundation have resulted in a receivable of \$98,247 (2015 - receivable of \$98,247), which is reflected in the statement of financial position.

10 Development activities

During the year, the development activities for the Zoo are as follows:

	2016 \$	2015 \$
Contributions received	2,038,384	2,106,609
Contributions deferred	(957,111)	(968,764)
	<u>1,081,273</u>	<u>1,137,845</u>

Contributions received for program expenses not yet incurred are reflected in deferred revenue on the statement of financial position (note 5).

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11 Financial risk management

The main risks to which the Zoo's financial instruments are exposed are as follows:

Currency risk

The Zoo is exposed to foreign currency risk between the Canadian dollar and foreign currency primarily because of its purchases in US dollars. Financial instruments subject to foreign currency risk include cash, accounts receivable and accounts payable and accrued liabilities.

The Zoo does not use derivative instruments to reduce its exposure to foreign currency risk. The Zoo believes it has low exposure to currency risk given the low magnitude and volume of foreign currency transactions.

Liquidity risk

Liquidity risk is the risk the Zoo will not be able to meet its financial obligations when they come due.

	Up to 6 months \$	More than 6 months up to 1 year \$	More than 1 year up to 5 years \$	More than 5 years \$	Total \$
Accounts payable and accrued liabilities - trade	5,419,321	2,961,214	104,132	-	8,484,667

The Zoo believes it has limited exposure to liquidity risk given the value of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Accounts receivable are exposed to credit risk since there is a risk of counterparty default. The Zoo provides an allowance for doubtful accounts to absorb potential credit losses. As at December 31, 2016, the harmonized sales tax recoverability amount represents 74% (2015 - 83%) of the total trade accounts receivable balance.

As at December 31, 2016, the following accounts receivable were past due but not impaired:

	30 days \$	60 days \$	90 days \$	Over 120 days \$
Accounts receivable	67,592	21,846	170	7,015

The Zoo believes it has low exposure to credit risk.

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12 Commitments

As at December 31, 2016, the Board was contractually committed for \$1,847,644 in capital expenditures. Payment of these commitments is expected in 2017, based on management's best estimate.

In 2012, the Zoo entered into a loan agreement with regard to certain species of animals and committed to provide yearly conservation support funding in the amount of US\$1,000,000. As at December 31, 2016, future contractual obligations under this agreement are US\$1,000,000 payable in 2017.

13 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.

14 Budgeted figures

The budgeted figures presented in the statement of operations have been obtained from the 2016 budget approved by the Council of the City of Toronto.

15 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.