

# **Financial Statements**

**Toronto Zoo Wildlife Conservancy**

Toronto, Ontario

*December 31, 2021*

## Contents

Independent Auditors' Report.....	3 - 5
Statement of Financial Position.....	6 - 7
Statement of Changes in Fund Balances.....	8
Statement of Operations.....	9
Schedule of Administrative Expenses.....	10
Statement of Cash Flows.....	11
Notes to Financial Statements.....	12 - 17

## **Independent Auditors' Report**

### **To the Members of Toronto Zoo Wildlife Conservancy:**

#### **Report on the Audit of the Financial Statements**

##### **Qualified Opinion**

We have audited the financial statements of Toronto Zoo Wildlife Conservancy, which comprise the statement of financial position as at December 31, 2021 and the statement of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Toronto Zoo Wildlife Conservancy as at December 31, 2021, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

##### **Basis for Qualified Opinion**

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we are not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenses and cash flows from operations for the year ended December 31, 2021, current assets and fund balances as at December 31, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Toronto Zoo Wildlife Conservancy in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

##### **Other Matter**

The financial statements of Toronto Zoo Wildlife Conservancy for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2021.

## **Independent Auditors' Report - continued**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

In preparing the financial statements, management is responsible for assessing Toronto Zoo Wildlife Conservancy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Toronto Zoo Wildlife Conservancy's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Toronto Zoo Wildlife Conservancy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditors' Report - continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Toronto Zoo Wildlife Conservancy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario  
June 13, 2022



Chartered Professional Accountants, Licensed Public Accountants

## Toronto Zoo Wildlife Conservancy

December 31, 2021

<b>Statement of Financial Position</b>	2021	2020
		Note 7
<b>Current Assets</b>		
Cash, Note 3	\$ 2,469,541	\$ 762,950
Accounts receivable (net of allowance \$0)	167,175	0
HST	16,811	13,795
<b>Total Current</b>	2,653,527	776,745
<b>Restricted Funds</b> , Note 3	5,576,315	3,198,116
	8,229,842	3,974,861

### Approved by The Board

Director: Paul Doyle

Director: Bill Allen

## Toronto Zoo Wildlife Conservancy

December 31, 2021

<b>Statement of Financial Position</b>	2021	2020
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 22,486	\$ 30,386
Due to Toronto Zoo, Note 4	852,905	209,846
<b>Total Current</b>	<b>875,391</b>	<b>240,232</b>
<b>Fund Balances</b> , per statement		
Externally restricted, Note 5	4,201,315	2,823,116
Internally restricted, Note 5	1,375,000	375,000
Unrestricted	1,778,136	536,513
	<b>7,354,451</b>	<b>3,734,629</b>
	<b>8,229,842</b>	<b>3,974,861</b>

The notes on pages 12 through 17 form an integral part of these financial statements.

## Toronto Zoo Wildlife Conservancy

*Year ended December 31, 2021*

<b>Statement of Changes in Fund Balances</b>				2021	2020
	Unrestricted	Internally Restricted	Externally Restricted	Total	Total
Balance beginning	\$ 536,513	\$ 375,000	\$ 2,823,116	\$ 3,734,629	\$ 2,004,070
Add (deduct)					
Excess of revenue over expenses	2,241,623	0	1,378,199	3,619,822	1,730,559
Interfund transfer, Note 5	(1,000,000)	1,000,000	0	0	0
<b><i>Balance December 31</i></b>	<b>1,778,136</b>	<b>1,375,000</b>	<b>4,201,315</b>	<b>7,354,451</b>	<b>3,734,629</b>

## Toronto Zoo Wildlife Conservancy

*Year ended December 31, 2021*

<b>Statement of Operations</b>			2021	2020
	Unrestricted	Externally Restricted	Total	Total
<b>Revenues</b>				
Donations	\$ 597,076	\$ 2,029,893	\$ 2,626,969	\$ 3,441,650
Planned gifts	2,172,580	0	2,172,580	395,112
Adopt-an-Animal	115,235	0	115,235	142,030
Events	52,893	60,384	113,277	65,331
Investment income, Note 3	60,053	0	60,053	17,341
Gifts-in-kind	2,200	114,529	116,729	142,284
Other	0	0	0	12,183
<b>Total Revenues</b>	<b>3,000,037</b>	<b>2,204,806</b>	<b>5,204,843</b>	<b>4,215,931</b>
<b>Expenses</b>				
Administrative, per schedule	80,115	116,188	196,303	125,835
Donation processing	63,154	0	63,154	55,473
Personnel	602,441	196,934	799,375	621,188
Events	4,154	0	4,154	4,087
<b>Total Expenses</b>	<b>749,864</b>	<b>313,122</b>	<b>1,062,986</b>	<b>806,583</b>
<b>Excess of revenue over expenses before contributions to the Toronto Zoo</b>	2,250,173	1,891,684	4,141,857	3,409,348
Contributions to the Toronto Zoo operations, programs and projects, Note 4	(8,550)	(513,485)	(522,035)	(1,678,789)
<b>Excess of revenue over expenses for the year</b>	<b>2,241,623</b>	<b>1,378,199</b>	<b>3,619,822</b>	<b>1,730,559</b>

## Toronto Zoo Wildlife Conservancy

*Year ended December 31, 2021*

<b>Schedule of Administrative Expenses</b>			2021	2020
	Unrestricted	Externally Restricted	Total	Total Note 7
Professional fees	\$ 18,469	\$ 0	\$ 18,469	\$ 22,755
Audit and legal	15,200	0	15,200	23,091
Contracted services	12,608	0	12,608	35,015
Equipment	0	16,959	16,959	0
Bank charges	7,172	0	7,172	4,217
Printing	202	0	202	17,812
Postage	3,752	0	3,752	10,246
Courier service	2,049	0	2,049	1,753
Telephone	1,563	0	1,563	733
Insurance	680	0	680	4,980
Office supplies	585	0	585	2,161
Travel	453	0	453	148
Membership fees	0	0	0	325
Other	17,382	99,229	116,611	2,599
	<b>80,115</b>	<b>116,188</b>	<b>196,303</b>	<b>125,835</b>

## Toronto Zoo Wildlife Conservancy

*Year ended December 31, 2021*

<b>Statement of Cash Flows</b>	2021	2020
		Note 7
<b>Operating Activities</b>		
Excess of revenue over expenses	\$ 3,619,822	\$ 1,730,559
Net change in non-cash working capital	464,968	711,455
<b><i>Cash Provided By Operating Activities</i></b>	4,084,790	2,442,014
<b>Investing Activities</b>		
Increase in restricted cash and investments	(2,378,199)	(1,694,846)
<b><i>Cash Used In Investing Activities</i></b>	(2,378,199)	(1,694,846)
Net cash increase during the year	1,706,591	747,168
Cash position beginning of year	762,950	15,782
<b><i>Cash Position End Of Year</i></b>	2,469,541	762,950

**Notes to Financial Statements**

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**Status and Nature of Activities**

Toronto Zoo Wildlife Conservancy is a corporation without share capital and is registered as a public foundation under Section 149(1)(f) of the Income Tax Act (Canada). As such, the Corporation is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met, and it is able to issue donation receipts for income tax purposes.

The Corporation was established on May 11, 2018 and received its charitable registration on January 1, 2019. Its operations effectively began on July 1, 2019.

The Corporation solicits, receives, manages and distributes funds in support of Toronto Zoo (the Zoo) programs.

**Note 1**

**Significant Accounting Policies**

**Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations.

The accrual basis of accounting is used for reporting all income and expenses, except for donations and bequests, which, in most cases, due to the inability to predict recoverability, are typically accounted for on a cash basis.

**Fund accounting**

The Corporation follows the restricted fund method of accounting for contributions. As part of its fiduciary responsibilities, the Corporation expends funds for the purpose for which they were given. For financial reporting purposes, the accounts have been classified into the following funds:

The unrestricted fund reports unrestricted resources available for purposes as determined by the Corporation.

The externally restricted fund reports resources that are to be used for specific purposes as specified by the donor.

The internally restricted fund reports resources that are to be used for specific purposes as specified by the Board.

**Revenue Recognition**

Donations, Adopt-an-Animal contributions, planned gifts and sponsorships for events are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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**Note 1            Significant Accounting Policies - continued**

Donor restricted donations for specific purposes are recognized as revenue of the Externally Restricted fund.

Special events revenue is recorded in the period in which the event takes place. Revenue related to special events that take place subsequent to period-end is deferred.

Investment income includes interest from cash and fixed income investments, reinvested distributions from mutual funds and realized gains and losses on the disposal of investments and unrealized gains and losses resulting from the changing value of investments. Revenue is recognized on an accrual basis. Interest from fixed income investments is recognized over the term of these investments using the effective interest method.

**Contributed Services and Materials**

Donated services and materials are recorded at fair value when fair value can be reasonably estimated. During fiscal 2021, the Corporation recorded contributed goods (gifts-in-kind) in the amount of \$116,729 (2020 - \$142,284), the value of which is verified from the supplier. These gifts-in-kind were primarily food for the animals.

**Employee Future Benefits**

The Corporation's contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, are recorded in the period in which they become payable.

**Financial Instruments**

**(a) Measurement of Financial Instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Note 1            Significant Accounting Policies - continued**

**(b) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

**Use of Estimates**

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Note 2            Financial Instruments**

**Risk Management Policy**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2021:

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

The Corporation is also subject to concentrations of credit risk through its accounts receivable.

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

## Toronto Zoo Wildlife Conservancy

December 31, 2021

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### Note 2 Financial Instruments - continued

#### Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk interest bearing vehicles such as guaranteed investment certificates as the means for managing its interest rate risk.

#### Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its related party payable. This risk is reduced because of considerable sums invested in cash and investments.

### Note 3 Cash, Investments and Restricted Funds

	2021	2020
<b>Cash</b>		
Operating current account	\$ 5,856,991	\$ 3,935,716
<b>Temporary Investments</b>		
Guaranteed investment certificate	35,305	25,350
Pooled investments held in trust with the Toronto Foundation	2,153,560	0
	<u>2,188,865</u>	<u>25,350</u>
	<u>8,045,856</u>	<u>3,961,066</u>
<b>Composed of:</b>		
Cash	2,469,541	762,950
Amount required to fund restricted funds	5,576,315	3,198,116
	<u>8,045,856</u>	<u>3,961,066</u>
<b>Investment income includes:</b>		
Interest	30,207	17,341
Dividends	2,705	0
Realized gains	13,454	0
Unrealized gains	13,687	0
	<u>60,053</u>	<u>17,341</u>

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**Note 4                      Related Party Balances and Transactions**

The Corporation has several key relationships with the Zoo and the Zoo has significant influence over the Corporation; however, the Zoo does not control the Corporation.

The Zoo provides certain payroll and administrative services to the Corporation, which the Corporation reimburses. During 2021, the Corporation reimbursed the Zoo \$731,456 (2020 - \$522,328) for expenses paid by the Zoo on the Corporation's behalf. This comprised \$717,334 in salaries and benefits for the Corporation and Toronto Zoo seconded staff, and \$14,122 in other miscellaneous expenses paid by the Zoo on behalf of the Corporation.

As the fundraising partner of the Zoo, donations and grants should ideally come directly to the Corporation. However, during the period, the Zoo received \$94,747 (2020 - \$1,070,969) in grants and miscellaneous donations directed for the Corporation. The Corporation also approved an unpaid donation of \$6,350 to the Zoo. The amount remaining to be transferred to the Zoo as at December 31, 2021 is \$852,905 (2020 - \$209,846), which represents the net balance to settle these transactions.

The Corporation made contributions to the Zoo totaling \$522,035 (2020 - \$1,678,789). This amount is comprised of \$126,956 in funds raised through the Zoo Food for Life initiative, \$278,350 for Zoo conservation initiatives, and \$116,729 in gifts-in-kind (primarily food for zoo animals).

The above-noted transactions are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and are payable on demand. The payable as at December 31, 2021 represents the net amount resulting from the transactions above.

The Corporation also uses the office premises of the Zoo. The Zoo donates the rental expense free of charge. No estimate of the donated services has been recorded in these financial statements.

**Note 5                      Restricted Funds**

The externally restricted funds were assigned to the improvements at the Zoo. During the year the Board approved a transfer of \$1,000,000 from the unrestricted fund to the internally restricted fund, which was assigned to the Orangutan project.

**Note 6 Employee Future Benefits**

The Corporation's employees are eligible to participate in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The pension plan provides defined pension benefits to employees based on their length of service and rates of pay.

On October 26, 2019, the Corporation enrolled in the pension plan. For fiscal 2021, the Corporation contributed \$60,321 (2020 - \$123,045). As this is a multi-employer pension plan, these contributions are the Corporation's pension benefit expenses. No pension liability for this type of plan is included in the Corporation's financial statements.

Each year an independent actuary determines the funding status of the plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$119.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$116.2 billion indicating an actuarial deficit of \$3.1 billion. As the pension plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of the multiple organizations and their employees who are enrolled. As a result, the Corporation does not recognize any share of the pension plan's surplus or deficit.

**Note 7 Classification**

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Excess of revenue over expenses for the previous year is not affected by the reclassification.