

**Toronto Zoo Wildlife Conservancy  
Financial Statements  
December 31, 2023**



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## **Independent Auditor's Report**

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

#### *Qualified Opinion*

We have audited the financial statements of the Toronto Zoo Wildlife Conservancy (the "Conservancy"), which comprise the statement of financial position as at December 31, 2023, and the statement of changes in fund balances, statement of operations, and statement of 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Conservancy as at December 31, 2023, and its results of operations and its 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 not-for-profit organizations, the Conservancy derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Conservancy. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, and cash provided by operating activities for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 audit opinion.

#### *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.

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In preparing the financial statements, management is responsible for assessing the 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 Conservancy or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Conservancy's financial reporting process.

#### *Auditor's 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 auditor's 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 the Conservancy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 the 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 auditor's 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 auditor's report. However, future events or conditions may cause the Conservancy 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.

*Baker Tilly WM LLP*

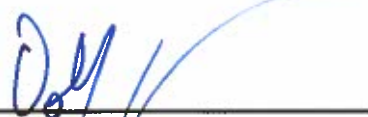
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
June 24, 2024

**Toronto Zoo Wildlife Conservancy  
Statement of Financial Position  
December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current</b>		
Cash (note 3)	\$ 2,134,940	\$ 1,143,522
Accounts receivable	58,260	108,896
Harmonized sales tax recoverable	23,216	14,947
Short-term investments (note 3)	5,766,997	9,120,492
<b>Non-Current</b>		
Investments (note 3)	<u>5,649,446</u>	<u>-</u>
	<u>\$ 13,632,859</u>	<u>\$ 10,387,857</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 58,213	\$ 49,643
Due to Toronto Zoo (note 4)	<u>615,661</u>	<u>327,777</u>
	<u>673,874</u>	<u>377,420</u>
<b>Fund Balances</b>		
Externally restricted (note 5)	6,193,439	5,330,781
Internally restricted (note 5)	3,103,000	3,015,000
Unrestricted	<u>3,662,546</u>	<u>1,664,656</u>
	<u>12,958,985</u>	<u>10,010,437</u>
	<u>\$ 13,632,859</u>	<u>\$ 10,387,857</u>

  
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Director

  
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Director

See accompanying notes and schedule to the financial statements.

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**Toronto Zoo Wildlife Conservancy  
Statement of Changes in Fund Balances  
Year Ended December 31, 2023**

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	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Total</u>
<b>Balance, December 31, 2021</b>	<b>\$ 1,778,136</b>	<b>\$ 1,375,000</b>	<b>\$ 4,201,315</b>	<b>\$ 7,354,451</b>
Excess of revenue over expenditures	1,526,520	-	1,129,466	2,655,986
Appropriations (note 5)	<u>(1,640,000)</u>	<u>1,640,000</u>	<u>-</u>	<u>-</u>
<b>Balance, December 31, 2022</b>	<b><u>\$ 1,664,656</u></b>	<b><u>\$ 3,015,000</u></b>	<b><u>\$ 5,330,781</u></b>	<b><u>\$ 10,010,437</u></b>
Excess of revenue over expenditures	2,085,890	-	862,658	2,948,548
Appropriations (note 5)	<u>(88,000)</u>	<u>88,000</u>	<u>-</u>	<u>-</u>
<b>Balance, December 31, 2023</b>	<b><u>\$ 3,662,546</u></b>	<b><u>\$ 3,103,000</u></b>	<b><u>\$ 6,193,439</u></b>	<b><u>\$ 12,958,985</u></b>

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See accompanying notes and schedule to the financial statements.

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**Toronto Zoo Wildlife Conservancy**  
**Statement of Operations**  
**Year Ended December 31, 2023**

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	<u>Unrestricted</u>	<u>Externally Restricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
<b>Revenue</b>				
Planned gifts (note 7)	\$ 1,830,034	\$ 50,000	\$ 1,880,034	\$ 2,334,970
Donations and grants (note 7)	461,230	1,977,371	2,438,601	1,781,214
Adopt-an-animal	138,735	-	138,735	111,455
Events	47,573	28,673	76,246	93,730
Gifts-in-kind	-	-	-	18,258
Other income	-	-	-	1,207
Investment (loss) gain (note 3)	936,928	-	936,928	(379,630)
	<u>3,414,500</u>	<u>2,056,044</u>	<u>5,470,544</u>	<u>3,961,204</u>
<b>Expenditures</b>				
Personnel (note 6)	902,222	-	902,222	788,872
Administrative (schedule 1)	231,734	22,000	253,734	190,703
Donation processing	64,690	-	64,690	165,427
Events	67,464	-	67,464	5,056
	<u>1,266,110</u>	<u>22,000</u>	<u>1,288,110</u>	<u>1,150,058</u>
<b>Excess of revenue over expenditures before contributions to the Toronto Zoo</b>	<b>2,148,390</b>	<b>2,034,044</b>	<b>4,182,434</b>	<b>2,811,146</b>
Contributions to the Toronto Zoo operations, programs and projects (note 4)	<u>(62,500)</u>	<u>(1,171,386)</u>	<u>(1,233,886)</u>	<u>(155,160)</u>
<b>Excess of revenue over expenditures for the year</b>	<b><u>\$ 2,085,890</u></b>	<b><u>\$ 862,658</u></b>	<b><u>\$ 2,948,548</u></b>	<b><u>\$ 2,655,986</u></b>

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See accompanying notes and schedule to the financial statements.

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**Toronto Zoo Wildlife Conservancy**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

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	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 2,948,548	\$ 2,655,986
Items not affecting cash:		
Unrealized losses (gains) on investments	(830,658)	781,288
Realized losses (gains) on investments	<u>-</u>	<u>(205,953)</u>
	<u>2,117,890</u>	<u>3,231,321</u>
 <b>Net change in working capital balances</b>		
Accounts receivable	50,636	58,279
Harmonized sales tax recoverable	(8,269)	1,864
Accounts payable and accrued liabilities	8,570	27,157
Due to Toronto Zoo	<u>287,884</u>	<u>(525,128)</u>
	<u>338,821</u>	<u>(437,828)</u>
<b>Cash provided by operating activities</b>	<u>2,456,711</u>	<u>2,793,493</u>
 <b>Investing activities</b>		
Purchase of investments	(1,465,293)	(9,304,202)
Disposal of investments	<u>-</u>	<u>1,797,240</u>
<b>Cash used in investing activities</b>	<u>(1,465,293)</u>	<u>(7,506,962)</u>
(Decrease) increase in cash during the year	991,418	(4,713,469)
<b>Cash, beginning of year</b>	<u>1,143,522</u>	<u>5,856,991</u>
<b>Cash, end of year</b>	<u>\$ 2,134,940</u>	<u>\$ 1,143,522</u>
 <b>Supplemental information</b>		
Interest received	\$ 106,270	\$ 97,456

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See accompanying notes and schedule to the financial statements.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**1. Nature of operations**

Toronto Zoo Wildlife Conservancy (the "Conservancy") is a not-for-profit without share capital and is registered as a public foundation under Section 149(1)(f) of the Income Tax Act (Canada). As such, the Conservancy is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Conservancy was established on May 11, 2018 and received its charitable registration on January 1, 2019.

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

**2. Significant accounting policies**

**Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). Outlined below are those policies considered particularly significant for the Conservancy.

**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.

The Conservancy follows the restricted fund method of accounting for revenue. Restricted contributions for which a corresponding restricted fund is presented and unrestricted contributions are recognized as revenue of the appropriate fund in the period in which they are received.

Pledges which have been committed are recorded as grants receivable at the time the grant is confirmed. The grants are recognized as revenue when the events associated with the grants have taken place or the costs associated with the grant have been realized.

Interest income is recognized on an accrual basis over the term of the interest-bearing instrument. Dividend income is recognized as revenue on the declaration date of the respective amounts.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**2. Accounting policies (continued)**

**Fund accounting**

The Conservancy follows the restricted fund method of accounting for contributions. Under this method, donations subject to externally imposed stipulations that specify the purpose for which they are to be used and the related expenditures are reported in a restricted fund rather than in the Conservancy's general fund. The Conservancy maintains the following funds:

- The unrestricted fund reports unrestricted resources available for purposes as determined by the Conservancy.
- The externally restricted fund reports resources that are to be used for specific purposes as specified by the donor (note 5).
- The internally restricted fund reports resources that are to be used for specific purposes as specified by the Board.

**Contributed services and materials**

Contributed materials and services are not recognized in the financial statements unless a fair value can be reasonably estimated and the materials and services are used in the normal course of operations and would otherwise have been purchased. During fiscal 2023, the Conservancy recorded contributed goods (gifts-in-kind) in the amount of \$Nil (2022 - \$18,258), the value of which is verified from the supplier. These gifts-in-kind were primarily food for the animals of the Zoo.

**Employee future benefits**

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

**Use of estimates**

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues, expenditures and fair value gains and losses during the year.

**Financial instruments**

Arm's Length Transactions

*Measurement of financial instruments*

The Conservancy measures its financial assets (cash, accounts receivable, and investments) and financial liabilities (accounts payable and accrued liabilities and amounts due to Toronto Zoo) at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions.

The Conservancy subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenditures.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**2. Accounting policies (continued)**

Related Party Transactions

*Measurement of related party financial instruments*

The Conservancy measures all related party financial instruments recognized in these financial statements at either the cost of the related party financial instrument, or at the cost of the consideration exchanged for the related party financial instrument. Measurement is based on the nature of the financial instrument. The Conservancy has no related party financial instruments required to be measured at fair value.

Investments in equity instruments quoted in an active market, debt instruments quoted in an active market, debt instruments with observable inputs and derivative contracts are initially measured at fair value.

All other related party financial instruments are initially measured at cost.

The cost of a related party financial instrument depends on whether the instrument has repayment terms. When the instrument has repayment terms, the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor.

When the related party financial instrument has no repayment terms, the cost of the instrument is determined using the consideration transferred or received.

If the Conservancy initially measured the related party financial instrument at cost, the instrument is subsequently measured using the cost method.

Transaction Costs

Transaction costs related to the acquisition or issuance of financial instruments subsequently measured at fair value and to instruments originated or exchanged in a related party transaction are recognized in excess (deficiency) of revenue over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition or issuance of the instrument, and the adjustment is recognized in excess (deficiency) of revenue over expenditures over the life of the instrument using the straight-line method.

Impairment

Financial assets measured at amortized cost and related party financial assets measured using the cost method are assessed for indications of impairment at the end of each reporting period. If impairment is identified, the amount of the write-down is recognized as an impairment loss in excess (deficiency) of revenue over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount 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 excess (deficiency) of revenue over expenditures.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**3. Cash and Investments**

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,134,940	\$ 1,143,522
Investments		
Guaranteed investment certificate	36,292	35,305
Pooled investments held at Toronto Foundation	-	5,082,415
Pooled investments held at Burgundy Asset Management	11,380,151	4,002,772
	<u>\$ 13,551,383</u>	<u>\$ 10,264,014</u>
Attributed to:		
Unrestricted Funds	4,254,944	\$ 1,918,233
Restricted Funds	9,296,439	8,345,781
	<u>\$ 13,551,383</u>	<u>\$ 10,264,014</u>
Investment (losses) income includes:		
Realized gains	\$ -	\$ 205,953
Dividends	-	98,249
Interest	106,270	97,456
Unrealized (losses) gains	830,658	(781,288)
	<u>\$ 936,928</u>	<u>\$ (379,630)</u>

**4. Related party balances and transactions**

The Conservancy has several key relationships with the Zoo and the Zoo has significant influence over the Conservancy. However, the Zoo does not control the Conservancy.

The Zoo provides certain payroll and administrative services to the Conservancy, for which the Conservancy reimburses to Zoo. During 2023, the Conservancy incurred \$709,042 (2022 - \$728,777) for expenses paid by the Zoo on the Conservancy's behalf. This comprised \$695,858 (2022 - \$693,931) in salaries and benefits for the Conservancy and Toronto Zoo seconded staff, and \$13,184 (2022 - \$34,846) in administrative expenditures paid by the Zoo on behalf of the Conservancy.

The Conservancy is the fundraising partner of the Zoo. From time to time, donations and grants directed to the Conservancy are received by the Zoo, and are transferred to the Conservancy and included in revenue. During the year, the Zoo received \$184,660 (2022 - \$401,000) in donations and grants (note 7) directed for the Conservancy. The amount remaining to be transferred to the Zoo as at December 31, 2023 is \$615,661 (2022 - \$327,777).

The Conservancy made contributions to the Zoo totaling \$1,233,886 (2022 - \$155,160). This amount is comprised of \$1,226,386 (2022 - \$136,902) for Zoo conservation initiatives, \$Nil (2022 - \$18,258) in gifts-in-kind (primarily food for zoo animals) and \$7,500 (2022 - \$Nil) for staff events.

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, 2023 represents the net amount resulting from the transactions above.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**4. Related party balances and transactions (continued)**

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

**5. Restricted Funds**

The internally restricted funds are appropriated for improvements and projects at the Zoo. During the year, the Board appropriated \$88,000 (2022: \$1,640,000) for the following projects: Orangutan project (\$Nil; 2022 - \$1,100,000), the Wilding Endangered Species Preservation Fund ((\$5,000; 2022 - \$500,000) and the CALL program (\$93,000; 2022 - \$40,000).

The externally restricted funds are comprised of grants and donor restricted contributions for the following:

	<u>2023</u>	<u>2022</u>
Orangutan Outdoor Habitat Project	2,000,920	2,736,386
Technology/IT Fund	750,000	750,000
Master Plan - Amur Tiger Habitat Project	647,995	60,000
Adopt-a-pond Fund	595,141	389,624
Master Plan - Red Panda Habitat Project	530,255	76,781
Nutrition Fund	401,415	367,612
Great Lakes Program	355,329	307,979
Bat Conservation Program	209,499	119,443
Repro Physio Project	2,991	54,780
Polar Bear Fund	135,115	106,382
First Nations Fund	117,270	100,437
Other	447,509	261,358
	<u>\$ 6,193,439</u>	<u>\$ 5,330,781</u>

**6. Employee future benefits**

The Conservancy'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 Conservancy enrolled in the pension plan. For fiscal 2023, the Conservancy contributed \$64,117 (2022 - \$69,155). As this is a multi-employer pension plan, these contributions are the Conservancy's pension benefit expenses and are included in personnel expense. No pension liability for this type of plan is included in the Conservancy'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, 2022. The results of this valuation disclosed total actuarial liabilities of \$128.8 billion (2022: \$119.3 billion) in respect of benefits accrued for service with actuarial assets at that date of \$122.1 billion (2022: \$116.2 billion) indicating an actuarial deficit of \$6.7 billion (2022: 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 Conservancy does not recognize any share of the pension plan's surplus or deficit.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**7. Planned gifts and grants**

The Conservancy received various grants during the year to cover program expenditures incurred as per approved budgets. Amounts recognized as revenue in respect of all grants amounts to \$641,946 (2022: \$770,262) from the following:

	<u>2023</u>	<u>2022</u>
Federal government	\$ 172,555	484,648
Provincial government	291,034	89,301
Corporate	75,080	126,313
Foundation	<u>103,277</u>	<u>70,000</u>
	<u>\$ 641,946</u>	<u>\$ 770,262</u>

Planned gifts are received from individual donors.

**8. Financial Instruments**

Items that meet the definition of a financial instrument include cash, accounts receivable, investments, accounts payable and accrued liabilities and amounts due to Toronto Zoo. Investments are recorded at fair value.

Financial instrument transactions, such as collecting receivables and settling payables may result in exposure to significant financial risks and concentrations of risk.

The nature and extent of significant risks as at December 31, 2023 are described below. There have been no changes to the significant risks from the prior year.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and other price risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair values of fixed rate financial instruments are subject to change, since fair values fluctuate inversely with changes in market interest rates. The cash flows related to floating rate financial instruments change as market interest rates change. The Conservancy is exposed to interest rate cash flow risk in respect of its money market funds and bonds held with Burgundy Asset Management of \$9,605,897 (2022 - \$4,002,772) which bear interest at floating rates. The Conservancy does not enter into any transactions to mitigate this risk.

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**Toronto Zoo Wildlife Conservancy  
Notes to the Financial Statements  
Year Ended December 31, 2023**

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**8. Financial Instruments (continued)**

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Conservancy is exposed to other price risk related to its US equities held with Burgundy Asset Management of \$1,774,254 (2022: Nil).

**9. Bank facility**

The Conservancy has a \$29,087 Standby Letter of Credit at Royal Bank of Canada (2022: \$29,087), bearing interest at the bank's prime rate and secured by a guaranteed investment certificate as a guarantee to OMERS. As at December 31, 2023 and December 31, 2022, no amounts were withdrawn on the Conservancy's Standby Letter of Credit.

**Toronto Zoo Wildlife Conservancy  
Schedule of Administrative Expenditures  
Year Ended December 31, 2023**

**Schedule 1**

	<u>Unrestricted</u>	<u>Externally Restricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
Contracted services	93,744	-	93,744	49,750
Office supplies	53,769	-	53,769	34,826
Investment management	34,707	-	34,707	31,280
CALL Grant expense	-	22,000	22,000	24,959
Audit fees	17,201	-	17,201	18,780
Insurance	11,758	-	11,758	5,500
Conference and seminar	9,721	-	9,721	1,171
Bank charges	4,003	-	4,003	7,832
Courier services	2,364	-	2,364	1,965
Postage	2,262	-	2,262	3,603
Telephone	1,340	-	1,340	1,427
Administrative	361	-	361	17
Membership	233	-	233	5,244
Travel	231	-	231	166
Printing	40	-	40	2,755
Legal fees	-	-	-	1,428
	<u>\$ 231,734</u>	<u>\$ 22,000</u>	<u>\$ 253,734</u>	<u>\$ 190,703</u>

See accompanying notes to the financial statements.





# 2023

Year-end Report:

Toronto Zoo Wildlife Conservancy

For the year ended December 31, 2023  
Presented to the Finance Committee of  
Toronto Zoo Wildlife Conservancy  
June 10, 2024

# Auditor's report

To the members of the Finance Committee of Toronto Zoo Wildlife Conservancy:

Dear Finance Committee Members:

## Report on Audited Annual Financial Statements

We have performed an audit of the financial statements of Toronto Zoo Wildlife Conservancy (the "Conservancy") as of and for the year ended December 31, 2023, in accordance with Canadian Generally Accepted Auditing Standards and expect to issue our audit report thereon dated June 24, 2024.

Our audit has been conducted in accordance with our original audit plan. This report summarizes our audit plan and findings during the audit.

## Use of Our Report

This report is intended solely for the information and use of the Finance Committee, management and others within the Conservancy and is not intended to be, and should not be, used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from staff and management with whom we worked to discharge our responsibilities.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

*Baker Tilly WM LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
June 24, 2024

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# Executive summary

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This report summarizes the main findings arising from our audit.

## Audit findings

### Audit results

Our audit of the financial statements is designed to obtain reasonable, rather than absolute, assurance as to whether the financial statements are free of material misstatement.

There were no significant departures from the audit planning and risk assessment described in the audit plan in the engagement letter.

A detailed description of our audit results has been included on page 3 of this report.

### Status of our audit

We expect to be able to render our audit opinion dated June 24, 2024, on the financial statements of Toronto Zoo Wildlife Conservancy (the "Conservancy").

### Audit risks

In accordance with our audit plan, our procedures focused on the following areas that we identified as risks of material misstatements in the current year:

- Management's general ability to override controls.
- Risk of fraud impacting revenue recognition.
- Inability to verify the completeness of donations received.

We have summarized the results of our audit procedures for each of these risk areas on page 4 of this report.

### Materiality

Our overall materiality level is used in our assessment of significant accounts where audit effort is necessary and is based on total revenue. Our materiality for planning and determining the audit scope for 2023 was set at \$73,000 (PY: \$60,300). We designed our work to consider material items appropriately and to detect potential adjustments that individually or in combination with others would be material to the financial statements.

### Fraud and illegal acts

Based on the procedures we performed as recommended by CAS 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, we are not aware of any illegal acts or fraudulent events with respect to the Conservancy during the year.

## Audit findings

<b>Significant accounting policies</b>	<p>The Conservancy's significant accounting policies are set forth in Note 2 of December 31, 2023, financial statements.</p> <p>We believe management's selection of accounting policies to be appropriate under Canadian accounting standards for not-for-profit organizations. Our views on the significant quantitative and qualitative aspects of these accounting policies are presented on page 5 of this report.</p>
<b>Management judgment and accounting estimates</b>	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.</p> <p>During the year ended December 31, 2023, management advised us that there were no significant changes in accounting estimates or in judgments relating to such estimates.</p> <p>Our views on the significant quantitative and qualitative aspects of the judgments and estimates made by the Conservancy's management are presented on page 5 of this report.</p>
<b>Audit adjustments and uncorrected misstatements</b>	<p>A list of audit adjustments prepared by us during the current engagement and pertaining to the latest period presented is attached at the end of this report. There are two uncorrected misstatements during the current engagement, lower than our planning materiality.</p>
<b>Adjusted and unadjusted disclosure deficiencies</b>	<p>There were no passed disclosure items aggregated by us during the current engagement and pertaining to the latest period presented.</p>
<b>Independence</b>	<p>We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.</p> <p>As requested, we have reported all relationships and other relevant matters that, in our professional judgment, may reasonably be thought to bear on our independence and confirmed our independence to the Finance Committee for the year ended December 31, 2023 in Appendix A.</p>
<b>Representation letter</b>	<p>A copy of the representation letter to be signed by management will be circulated to the Finance Committee independently once the financial statements are approved by the Board.</p>
<b>Conclusion</b>	<p>In common with many not-for-profit organizations, the Conservancy 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 Conservancy. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditure and cash provided by operating activities for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 for both the 2023 and 2022 years.</p>

# Audit scope and findings

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We have prepared the following comments to assist you in fulfilling your oversight responsibilities of the financial reporting and disclosure process for which management of Toronto Zoo Wildlife Conservancy is responsible.

## **Audit plan**

In accordance with Canadian GAAS, our audit is designed to enable us to express an opinion on the fairness of the presentation of the Conservancy's annual financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Our audit planning includes updating our understanding of the Conservancy's operations, assessing areas of risk for impact on the financial statements and assessing the impact of new accounting and auditing standards.

We review and document key internal controls within the accounting system. Due to the limited size of the Conservancy, we rely on substantive testing to gain our audit assurance on all material account balances.

We discuss and review the financial statements' results and disclosures with management and the finance committee.

## **Changes to the audit plan**

The December 31, 2023, audit was conducted in accordance with our audit plan. We confirm that there have been no significant amendments to the audit scope and approach communicated in the audit plan.

## **Disagreements with management**

In the course of our audit, we did not encounter any disagreements with management about matters that individually or in aggregate could be significant to the financial statements.

## **Consultation with other accountants**

Management has informed us that the Conservancy has not consulted with other accountants about auditing or accounting matters.

## **Legal and regulatory compliance**

Our procedures did not identify any areas of material non-compliance with laws and regulations by the Conservancy.

## **Post-balance sheet events**

Management is responsible for assessing subsequent events up to the date of the release of the financial statements.

At the date of finalizing this report, we are not aware of any significant post-balance sheet events.

# Audit risks

Our audit plan identified certain areas, which we refer to as significant audit risks. There have been no changes to these risks nor have any additional risks been identified since our previous communication. The results of our audit work on these risks are set out below:

## Enterprise-wide risks

Areas of risk	Our audit response	Our conclusion
<p><b>Fraud</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>Our audit tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements. We obtained an understanding of the business rationale for significant transactions that we became aware of that were outside of the normal course of business for the Conservancy, or that otherwise appeared to be unusual given our understanding of the Conservancy and its environment.</p>	<p>In the process of conducting the audit, we did not identify any illegal acts/frauds/misstatements.</p> <p>Management has represented to us that they have not identified any fraud or illegal items and our audit procedures support this assessment.</p>
<p><b>Revenue recognition</b></p> <p>Under our audit plan, there is an assumed inherent risk of fraud as it pertains to revenue recognition. This risk is presumed for substantially all audits and is not specific to the Conservancy.</p>	<p>Perform reasonability test of the interest income, reconcile to general ledger and perform detailed testing to supporting documentation.</p> <p>Test appropriate recognition of donation revenue, particularly externally restricted revenue to ensure appropriate allocation of such to the restricted fund.</p>	<p>No issues were identified during testing of revenue and transactions.</p>
<p><b>Completeness of donations received</b></p>	<p>In common with many not-for-profit organizations, the Conservancy derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification.</p>	<p>We expressed a qualified opinion.</p>

# Significant accounting policies

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Significant accounting policies are those that are most important to the portrayal of the Conservancy's financial condition and the results of operation.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

## **Significant accounting policies**

In our judgment, the significant accounting practices, selected and applied by management are, in all material respects, acceptable under Canadian accounting standards for not-for-profit organizations and are appropriate to the Conservancy's particular circumstances.

## **Management judgment and accounting estimates**

In our judgment, the significant accounting estimates made by management are in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements around estimation uncertainty is in accordance with Canadian accounting standards for not-for-profit organizations requirements and is appropriate to the Conservancy's particular circumstances. As well, management's judgment in interpreting and applying the applicable Canadian accounting standards for not-for-profit organizations was appropriate and without bias.