

August 27/09

Financial Statements of

ROUGE PARK ALLIANCE

Year ended December 31, 2008

AUDITOR'S REPORT

To the Members of the Rouge Park Alliance

We have audited the statement of financial position of the Rouge Park Alliance (the "Alliance") as at December 31, 2008 and the statements of expenditures and revenue and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Alliance's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Alliance as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Licensed Public Accountants
Toronto, Canada
July 10, 2009

ROUGE PARK ALLIANCE

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets		
Due from Toronto and Region Conservation Authority	\$1,255,183	\$1,402,533
Accounts receivable:		
- Municipal - Town of Markham	37,500	25,000
- York Region	12,500	-
- Provincial	12,500	-
	<u>\$1,317,683</u>	<u>\$1,427,533</u>
Liabilities and Net Assets		
Current liabilities:		
Accrued liabilities	\$ 35,440	\$ 13,150
Project holdbacks	35,994	45,337
Deferred revenue (note 2)	988,282	1,328,541
	<u>1,059,716</u>	<u>1,387,028</u>
Net assets:		
Unrestricted	<u>257,967</u>	<u>40,505</u>
Lease commitments (note 6)		
	<u>\$1,317,683</u>	<u>\$1,427,533</u>

See accompanying notes to financial statements.

On behalf of the Rouge Park Alliance:

_____ Chair

_____ Chair, Finance Committee

ROUGE PARK ALLIANCE

Statement of Expenditures and Revenue and Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

	2008 Budget (unaudited)	2008	2007
Expenditures			
Programs (schedule 1)	\$ 630,900	\$ 609,749	\$ 515,409
Projects	499,200	307,962	365,501
Planning	202,100	152,722	47,209
	<u>1,332,200</u>	<u>1,070,433</u>	<u>928,119</u>
Revenue			
Waterfront Regeneration Trust Corporation/ Toronto and Region Conservation Authority (note 3)	546,200	484,041	537,658
Federal	47,100	-	-
Provincial	332,400	304,404	113,230
Municipal	200,800	173,800	144,000
Topsoil Habitat Creation Berm project (note 4)	-	217,462	-
Interest	35,000	27,885	36,262
Rental – net (note 5)	60,000	75,564	57,110
Donations and sundry	110,700	4,739	39,859
	<u>1,332,200</u>	<u>1,287,895</u>	<u>928,119</u>
Excess of revenue over expenditures	-	217,462	-
Net assets, beginning of year	<u>40,505</u>	<u>40,505</u>	<u>40,505</u>
Net assets, end of year	<u>\$ 40,505</u>	<u>\$ 257,967</u>	<u>\$ 40,505</u>

See accompanying notes to financial statements.

ROUGE PARK ALLIANCE

Statement of Cash Flows

Year ended December 31, 2008 with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenditures	\$ 217,462	\$ -
Change in non-cash operating working capital:		
Accounts receivable	(37,500)	(25,000)
Accrued liabilities	22,290	8,350
Project holdback	(9,343)	9,925
Deferred revenue	(340,259)	974,112
	(147,350)	967,387
Financing activity		
(Increase) decrease in Due from Toronto and Region Conservation Authority	147,350	(967,387)
<u>Cash, beginning and end of year</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

ROUGE PARK ALLIANCE

Notes to Financial Statements

Year ended December 31, 2008

The Rouge Park Alliance is a partnership of thirteen entities, being the Government of Canada; Province of Ontario; the regional municipalities of Durham and York; the cities of Pickering and Toronto; the towns of Markham, Richmond Hill and Whitchurch-Stouffville; Save the Rouge Valley Systems Inc.; Toronto and Region Conservation Authority ("TRCA"); Toronto Zoo; and Waterfront Regeneration Trust Corporation. The Alliance provides leadership to the partners and others for the implementation of the Rouge Park Management Plans. The Alliance is not-for-profit entity and as such is exempt from income tax.

The Toronto and Region Conservation Authority administers and maintains the accounting and finance functions for the Alliance. These financial statements have been prepared from the segregated accounts maintained for the Alliance.

The land that forms Rouge Park is owned by TRCA and others for the purpose of developing and managing the Park in accordance with the Rouge Park Plans and agreements.

1. Summary of significant accounting policies:

(a) Revenue recognition:

The Alliance follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Contributed goods and services:

Volunteers and partner organizations contribute a significant amount of time in carrying out the Alliance's service delivery activities. Due to difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

(c) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 revenue and expenditures during the year. Actual results could differ from those estimates.

ROUGE PARK ALLIANCE

Notes to Financial Statements (continued)

Year ended December 31, 2008

2. Deferred revenue:

	2008	2007
Planning	\$ 55,985	\$ 73,014
Projects		
Designated	69,209	93,902
Undesignated	39,985	61,618
Special - Provincial	823,103	1,100,007
	<u>\$ 988,282</u>	<u>\$ 1,328,541</u>

The Alliance receives certain amounts, principally from other public sector bodies, which may only be used in the conduct of certain programs or completion of specific work. These amounts are recognized as revenue in the year the related expenditures are incurred or services performed. Changes in the deferred revenue balance are as follows:

	Planning	Projects	Special	Total 2008	Total 2007
Beginning balance	\$ 73,014	\$ 155,520	\$ 1,100,007	\$ 1,328,541	\$ 354,429
Less amount recognized as revenue in the year	(17,296)	(71,029)	(276,904)	(365,229)	(338,010)
Add amount received related to the following year	267	24,703	-	24,970	1,312,122
<u>Ending balance</u>	<u>\$ 55,985</u>	<u>\$ 109,194</u>	<u>\$ 823,103</u>	<u>\$ 988,282</u>	<u>\$ 1,328,541</u>

3. Waterfront Regeneration Trust Corporation – Grant Funding:

The Waterfront Regeneration Trust Corporation provides significant grant funding to protect, restore and enhance the Rouge River watershed and Rouge Park. This funding is provided to the Toronto and Region Conservation Authority which in turn contracts with the Rouge Park Alliance to undertake programs and projects to accomplish these goals.

The original funding was endowed by the Government of Canada.

4. Topsoil Habitat Creation Berm project:

In 2008 TRCA and the Alliance entered into an agreement with a land developer to permit the placement of clean topsoil in the Bob Hunter Memorial Park. The developer paid a flat rate per cubic metre of infill placement to TRCA for Rouge Park special projects.

The Berm formation was designed and supervised by TRCA. TRCA was permitted to cover direct expenses and receive a flat administrative fee based on revenues.

The Alliance received the net proceeds after expenses and the TRCA fee.

ROUGE PARK ALLIANCE

Notes to Financial Statements (continued)

Year ended December 31, 2008

5. Ontario Realty Corporation Lands Transfer:

Effective March 31, 2004 the Ontario Realty Corporation ("ORC") transferred 3,249 acres of land in the Rouge River watershed, including 82 rental properties, to the Toronto and Region Conservation Authority ("TRCA"). On March 31, 2007 an additional 476 acres of land in the Rouge River watershed, including 14 rental properties was transferred to the TRCA.

Under the terms of the agreement between TRCA and ORC:

- Ownership of the properties was transferred to TRCA
- TRCA is entitled annually to a management fee under the ORC agreement to recover specific costs incurred in the management of the properties, and
- TRCA will deliver the net rental income derived from the management of the properties to the Alliance to be used for Rouge Park purposes

In 2008, TRCA transferred \$75,564 (2007 - \$57,110) to the Alliance under the above noted agreement.

6. Lease Commitments:

(a) Premises:

The Rouge Park Alliance leases office premises under an informal agreement with the Ministry of Natural Resources, Aurora District. The rental is subject to the government corporate rate. The rent includes office space, telephone, fax, photocopier, hydro, heating, air conditioning and building maintenance and vehicles. Currently, the cost per year is \$32,737 (2007 - \$32,032).

7. Ministry of Public Infrastructure Renewal – Grant Funding:

In March of 2007 the Alliance received a grant in the amount of \$2,000,000 from the Ministry of Public Infrastructure Renewal to assist the Alliance in the management and protection of

the Rouge Park. Documentation from the Ministry received with the grant indicated that \$800,000 of the total grant was to be utilized for Provincial Rental Portfolio upkeep requirements. As described in note 4 these properties are owned by the TRCA. As a result, with the Province's approval, \$800,000 of these funds was transferred to the TRCA as a condition of the TRCA agreeing to receive additional lands and properties from the ORC on March 31, 2007 as described in note 4.

Of the \$1,200,000 the Alliance received \$276,904 (2007 - \$99,993) was spent in the year with the balance recorded as deferred revenue of \$823,103 (note 2).

TRCA will utilize the \$800,000 to repair and restore the 14 properties transferred on March 31, 2007.

ROUGE PARK ALLIANCE

Notes to Financial Statements (continued)

Year ended December 31, 2008

8. Budget figures:

The budget figures are provided for information purposes only and are unaudited.

9. Financial instruments:

The Alliance's financial instruments consist of Due from Toronto and Region Conservation Authority, accounts receivable and accounts payable. The fair values of these financial instruments approximate their carrying value due to the relatively short periods to maturity of these items. It is management's opinion that the Alliance is not exposed to significant interest rate or currency risks arising from these financial instruments.

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments – Recognition and measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments – Disclosure and Presentation provides standards for how financial instruments should be classified in the financial statements and the disclosure requirements.

In accordance with these revised standards, the Organization has classified each of its financial instruments into the under noted accounting categories. The category for an item determines its subsequent accounting under the revised standards.

Due from Toronto and Region Conservation Authority	Held for trading
Accounts receivable	Loans and receivables
Accounts payable	Other liabilities

“Held for trading” items are carried at fair value, with changes in their fair value recognized in the statement of operations in the current period. “Loans and receivables” are carried at amortized cost. “Other liabilities” are carried at amortized cost.

ROUGE PARK ALLIANCE

Notes to Financial Statements (continued)

Year ended December 31, 2008

10. Risk management:

Risk management relates to the understanding and active management of risks that are associated with all areas of the operating environment. Liquidity and funding risk is managed by the preparation of an annual budget and monitoring of cash reserves. Investments are primarily subject to interest rate and market risk.

11. Accounting standards with future implementation date:

(a) Financial instruments – Disclosures and Presentation:

CICA Handbook Section 3862, Financial Instruments – Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged.

These new standards are effective for the Alliance's 2009 financial statements. These standards relate to disclosure and presentation requirements and are not expected to affect the results of the Alliance.

(b) Standards applicable to not-for-profit organizations:

The CICA has announced that accounting standards in Canada, as used by publicly accountable enterprises, will change to International Financial Reporting Standards in 2011. The proposals currently indicate that not-for-profit organizations are excluded from these requirements. The CICA continues to deliberate the appropriate financial reporting model for not-for-profit organizations.

The CICA has finalized amendments to the 4400 series of Handbook recommendations applicable to not-for-profit organizations. These new standards will apply to the Alliance's year ended December 31, 2009 and are not expected to have a significant effect on the Alliance's financial statements.

ROUGE PARK ALLIANCE

Schedule 1 – Expenditures and Revenue – Programs

Year ended December 31, 2008, with comparative figures for 2007

	2008 Budget	2008	2007
Expenditures			
Management	\$ 275,200	\$ 284,266	\$ 264,899
Heritage appreciation and visitor experience	155,400	136,290	158,613
Natural heritage	200,300	189,193	91,897
	<u>\$ 630,900</u>	<u>\$ 609,749</u>	<u>\$ 515,409</u>
Revenue			
Waterfront Regeneration Trust Corporation/ Toronto and Region Conservation Authority	312,100	304,505	299,792
Municipal	123,800	123,800	119,000
Provincial	100,000	75,000	-
Interest	35,000	27,885	36,262
Rental – net	60,000	75,564	57,110
Donations and sundry	-	2,995	3,245
	<u>\$ 630,900</u>	<u>\$ 609,749</u>	<u>\$ 515,409</u>

