

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Members

Greenest City Environmental Organization

1250 1st Avenue, S.W.

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**GREENEST CITY ENVIRONMENTAL  
ORGANIZATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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The accompanying financial statements of Greenest City Environmental Organization for the year ended December 31, 2010, were audited by the independent auditor whose report is included herein.

The financial statements were prepared by management and are the responsibility of management. The auditor's responsibility is to express an opinion on these financial statements based on the audit.

The audit was conducted in accordance with the standards of the Institute of Certified Public Accountants. The auditor's report is included herein.

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Independent Auditor

April 12, 2011

## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Greenest City Environmental Organization

### Report on the Financial Statements

I have audited the accompanying financial statements of Greenest City Environmental Organization, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Greenest City Environmental Organization as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountant  
Licensed Public Accountant

April 12, 2011  
Toronto, Ontario


# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2010

	2010	2009
<b>ASSETS</b>		
Current assets		
Cash	\$ 29,011	\$ 68,721
Guaranteed investment certificate	2,082	2,062
Amounts receivable	<u>6,657</u>	<u>11,015</u>
Total assets	<u>\$ 37,750</u>	<u>\$ 81,798</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,285	\$ 4,106
Deferred revenue (note 5)	<u>15,705</u>	<u>45,357</u>
	<u>18,990</u>	<u>49,463</u>
Net assets		
Unrestricted	<u>18,760</u>	<u>32,335</u>
Total liabilities and net assets	<u>\$ 37,750</u>	<u>\$ 81,798</u>

Approved on behalf of the Board:

 Director

 Director

see accompanying notes

# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>REVENUE</b>		
Grants (note 6)	\$ 193,478	\$ 279,217
Donations	20,325	13,556
Earned income	1,999	4,751
Interest	<u>25</u>	<u>68</u>
	<u>215,827</u>	<u>297,592</u>
<b>EXPENSES</b>		
Personnel	151,032	177,811
Program (note 7)	55,921	75,548
Evaluation	6,000	180
Communications	5,896	14,437
Office and general	4,049	6,171
Insurance	3,596	3,502
Professional fees	<u>2,908</u>	<u>5,254</u>
	<u>229,402</u>	<u>282,903</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(13,575)	14,689
Net assets, beginning of year	<u>32,335</u>	<u>17,646</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 18,760</u>	<u>\$ 32,335</u>

see accompanying notes

# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ (13,575)	\$ 14,689
Add back (deduct) non-cash items-		
Net change in working capital items (see below)	<u>(26,115)</u>	<u>31,781</u>
<b>FINANCING ACTIVITIES</b>		
Net purchase of marketable securities	<u>(20)</u>	<u>(62)</u>
<b>NET CASH INCREASE (DECREASE) IN THE YEAR</b>	(39,710)	46,408
Cash, beginning of year	<u>68,721</u>	<u>22,313</u>
<b>CASH, END OF YEAR</b>	<u>\$ 29,011</u>	<u>\$ 68,721</u>

Net change in working capital items:

Decrease (increase) in accounts receivable	\$ 4,358	\$ (11,016)
Decrease in prepaid expenses		270
Increase (decrease) in accounts payable and accrued liabilities	(821)	3,337
Increase (decrease) in deferred revenue	<u>(29,652)</u>	<u>39,190</u>
Net change in non-cash working capital items	<u>\$ (26,115)</u>	<u>\$ 31,781</u>

see accompanying notes

# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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### 1. THE ORGANIZATION

Greenest City Environmental Organization (the "organization") is incorporated as a not-for-profit corporation without share capital in the Province of Ontario.

The organization is dedicated to promoting environmental stewardship in the city of Toronto.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with prior years. Outlined below are those policies considered particularly significant:

#### **Capital assets**

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off capital assets over estimated useful lives.

#### **Revenue Recognition**

The organization's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) Operating grants are accounted for using the deferral method. Restricted grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants are recognized as revenue when they are received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.
- ii) Earned income includes contract revenue and is recognized in the period in which the services are provided.
- iii) Donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.
- iv) Interest income is recognized as revenue when earned.

#### **Use of Estimates**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the year in which they become known.

# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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### 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The organization classifies the financial assets and financial liabilities into one of the following categories:

Held-for-trading - This category comprises 1.20% fixed income guaranteed investment certificates with a major Canadian chartered bank. The cost of the guaranteed investment certificates, plus accrued interest income, approximates the fair value of these instruments.

Other financial assets and liabilities - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### 4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide the organization with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at December 31, 2010, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

### 5. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2010	2009
Live Green Toronto Community Investment Program	\$ 6,205	\$ -
Toronto Community Foundation	4,000	15,000
Toronto Arts Council	4,000	11,000
Ontario Trillium Foundation	-	5,700
Other	<u>1,500</u>	<u>13,657</u>
Deferred revenue, end of year	<u>\$ 15,705</u>	<u>\$ 45,357</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 45,357	\$ 6,167
Add cash received from grants in year	163,826	318,407
Less grant revenue recognized in year (note 6)	<u>(193,478)</u>	<u>(279,217)</u>
Deferred revenue, end of year	<u>\$ 15,705</u>	<u>\$ 45,357</u>

# GREENEST CITY ENVIRONMENTAL ORGANIZATION

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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### 6. GRANTS

Grants recognized in the year were from the following sources:

	2010	2009
<b>City of Toronto</b>		
Toronto Social Services Investing In Neighbourhoods	\$ 26,462	\$ 22,803
Live Green Toronto Community Investment Program	13,595	25,000
Toronto Minor Recreation Investment Program	3,500	2,500
Community Festivals and Special Events Investment Program	2,529	2,754
Other	500	300
<b>Government of Ontario</b>		
Ministry of the Environment - Go Green Fund	24,415	43,875
<b>Government of Canada</b>		
Service Canada	16,367	23,394
Status of Women and Official Languages	-	47,698
<b>Other</b>		
Ontario Trillium Foundation	42,200	73,967
Toronto Community Foundation	16,000	-
Heifer Project International	12,000	-
Toronto Community Arts Council	7,000	-
Wal-Mart Evergreen	5,657	4,343
TD Friends of the Environment	5,000	15,000
HIVA Environmental Fund	5,000	-
Other	<u>13,253</u>	<u>17,583</u>
	<u>\$ 193,478</u>	<u>\$ 279,217</u>

### 7. PROGRAM AND EXPENSES

Expenses were incurred on the following programs in the year:

	2010	2009
Youth	\$ 32,289	\$ 47,482
Urban Agriculture	15,442	13,709
Transportation	3,330	3,702
Workshop	2,463	2,391
Volunteer	1,953	5,683
Healthy Communities	<u>444</u>	<u>2,581</u>
	<u>\$ 55,921</u>	<u>\$ 75,548</u>

### 8. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).