

**Oak Ridges Moraine
Foundation
Financial Statements
For the year ended December 31, 2011**

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Independent Auditor's Report

To the Board of Directors of Oak Ridges Moraine Foundation

We have audited the accompanying financial statements of Oak Ridges Moraine Foundation, which comprise the statement of financial position as at December 31, 2011, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation'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 foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Oak Ridges Moraine Foundation as at December 31, 2011 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1, which indicates that the foundation's ability to continue as a going concern is dependent on obtaining additional long-term funding from government or other sources. This condition indicates the existence of a material uncertainty that may cast significant doubt about the foundation's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Oshawa, Ontario
April 13, 2012

**Oak Ridges Moraine Foundation
Statement of Financial Position**

December 31 2011 2010

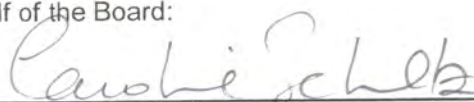
Assets

Cash	\$ 142,335	\$ 239,798
Investments (Note 2)	672,298	1,255,935
Accounts receivable	40,281	11,563
Prepaid expenses	1,955	1,890
	856,869	1,509,186
Capital assets (Note 3)	26,826	3,521
	\$ 883,695	\$ 1,512,707

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ 36,364	\$ 27,613
Grants payable	16,500	16,500
	52,864	44,113
Deferred contribution (Note 4)	210,570	560,162
	263,434	604,275
Net assets		
Invested in capital assets (Note 5)	26,826	3,522
Internally restricted (Note 6)	474,150	768,256
Educational Fund (Note 7)	72,662	84,077
Caring for Moraine Fund (Note 8)	46,623	52,577
	620,261	908,432
	\$ 883,695	\$ 1,512,707

On behalf of the Board:

 Director

 Director

Oak Ridges Moraine Foundation
Statement of Operations and Changes in Net Assets

For the year ended December 31	2011	2010
Revenue		
Allocation from internally restricted net assets (Note 6)	\$ 396,531	\$ 385,595
Allocation from amounts invested in capital assets (Note 5)	3,673	1,249
	400,204	386,844
Expenditures		
Amortization	3,673	1,249
Bank charges and interest	1,449	1,662
Board expense	7,272	5,497
Communications and reporting	60,966	14,609
Consulting fees (support services)	-	6,890
Occupancy costs	6,881	15,088
Office and general	18,371	17,899
Professional fees	23,999	20,877
Program expenses	1,905	2,403
Salaries and benefits	268,991	294,983
Travel	6,697	5,687
	400,204	386,844
Unrestricted net assets, end of year	\$ -	\$ -

Oak Ridges Moraine Foundation Statement of Cash Flows

For the year ended December 31	2011	2010
Cash provided by (used in)		
Operating activities		
Item not affecting cash		
Amortization	\$ 3,673	\$ 1,249
Changes in non-cash working capital balances		
Accounts receivable	(28,718)	(2,266)
Prepaid expenses	(65)	271
Accounts payable and accrued liabilities	8,751	13,923
Grants payable	-	(744,550)
	(16,359)	(731,373)
Investing activities		
Purchase of capital assets	(26,978)	-
Net change in Educational Fund	(11,415)	(159,393)
Net change in Caring for Moraine Fund	(5,954)	(32,403)
Amount transferred to administration	(294,106)	(385,595)
Amount transferred to amounts invested in capital assets	23,304	(1,249)
Decrease in investments	583,637	487,013
	268,488	(91,627)
Financing activity		
Deferred contribution (Note 4)	(349,592)	239,940
Net change in cash during the year	(97,463)	(583,060)
Cash, beginning of year	239,798	822,858
Cash, end of year	\$ 142,335	\$ 239,798

Oak Ridges Moraine Foundation Summary of Significant Accounting Policies

December 31, 2011

Nature and Purpose of Foundation

The foundation was incorporated without share capital under the laws of Ontario on March 11, 2002. The foundation provides funds to be used in the support of the Oak Ridges Moraine as guided by its Letters Patent and By-laws.

The foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Capital Assets

Capital assets are recorded at cost. Amortization based on the estimated useful life of the assets will be as follows:

Computer equipment	- 30% to 100% diminishing balance basis
Computer software	- 50% diminishing balance basis
Signage	- 20% diminishing balance basis
Website	- 20% diminishing balance basis

Contributed Services

Volunteers contribute a significant amount of time each year to assist the foundation in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Net Assets Internally Restricted

Part of the foundation's net assets have been restricted in accordance with policy objectives contained within a strategic plan developed by the Board of Directors. The purpose of the restriction is to provide for the continued administrative costs of the foundation.

Educational Fund

Part of the foundation's net assets have been restricted by the Board of Directors. The purpose of the restriction is to fund the development and production of multi-use, multi-agency educational materials on the environmental importance of the Oak Ridges Moraine, suitable for adaptation and use by the Oak Ridges Moraine stakeholders, and for distribution to the general public and to schools.

Oak Ridges Moraine Foundation Summary of Significant Accounting Policies

December 31, 2011

Caring for the Moraine Fund	Part of the foundation's net assets have been restricted by the Board of Directors. The purpose of the restriction is to fund for the coordination and development of communication tools for the Caring for the Moraine project.
Revenue Recognition	The foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.
Financial Instruments	<p>The foundation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.</p> <p>All transactions related to financial instruments are recorded on a settlement date basis.</p> <p>The foundation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The foundation's accounting policy for each category is as follows:</p> <p>Held-for-trading This category is comprised of cash and investments. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.</p> <p>Loans and receivables These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through accounts receivable. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.</p>

Oak Ridges Moraine Foundation Summary of Significant Accounting Policies

December 31, 2011

Financial Instruments (continued)

Other financial liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises accounts payable and accrued liabilities and grants payable. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include, but are not limited to capital asset amortization rates and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Oak Ridges Moraine Foundation Notes to Financial Statements

December 31, 2011

1. Continuity of Operations

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

During the current and prior years, the foundation was financially dependent on government assistance to enable it to provide grants. Due to the lack of additional government assistance, the foundation has ceased the issuance of grants and is now focusing on providing public education services. The foundation's Board of Directors has approved a budget plan through 2012 to sustain its operations and to provide public education using funds received in prior years.

Subsequent to the year end, the foundation received confirmation that it will not obtain any additional funding from provincial government sources. However, the foundation has not received confirmation whether it will obtain any additional funding from other sources. Management believes that these subsequent events cast doubt upon the validity of the going concern assumption for the future of the foundation. These financial statements do not reflect adjustments that would be necessary if going concern assumption was not appropriate.

2. Investments

Bonds and debentures

	2011	2010
Bonds and debentures Government of Canada	\$ 227,885	\$ 308,997
Canadian corporations	444,413	946,938
Total investments	\$ 672,298	\$ 1,255,935

The Government of Canada and the Canadian corporations bonds due within one year have face values of \$220,000 (2010 - \$300,000) and \$435,000 (2010 - \$925,000), stated interest rates of 4.70% and 3.03% to 5.20%, and effective interest rates of 1.13% and 1.10% to 1.23% respectively.

**Oak Ridges Moraine Foundation
Notes to Financial Statements**

December 31, 2011

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 17,883	\$ 15,428	\$ 16,371	\$ 14,700
Computer software	15,821	15,775	15,821	15,729
Signage	2,075	1,762	2,075	1,684
Website	33,615	9,603	8,150	6,783
	\$ 69,394	\$ 42,568	\$ 42,417	\$ 38,896
Cost less accumulated amortization		\$ 26,826		\$ 3,521

4. Deferred Contribution

The deferred contribution consists of unspent grant funds and related investment income and is to be used for expenditures of future years.

Changes in the deferred contribution balance during the year are as follows:

	2011	2010
Balance, beginning of year	\$ 560,162	\$ 320,222
Additions		
Interest received on grant funds	15,090	14,332
Reductions		
Grants rescinded	-	259,845
Investment fees	(2,757)	(4,237)
Educational Fund allocation	(227,000)	-
Internally Restricted Fund allocation	(102,425)	-
Caring for Moraine Fund allocation	(32,500)	(30,000)
	(364,682)	225,608
Balance, end of year	\$ 210,570	\$ 560,162

**Oak Ridges Moraine Foundation
Notes to Financial Statements**

December 31, 2011

5. Net Assets Invested in Capital Assets

The net change in net assets invested in capital assets is calculated as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 3,522	\$ 4,771
Purchase of capital assets	26,977	-
Amortization (transferred to unrestricted net assets)	<u>(3,673)</u>	<u>(1,249)</u>
Balance, end of year	<u>\$ 26,826</u>	<u>\$ 3,522</u>

6. Internally Restricted Net Assets

Changes in the internally restricted balance during the year are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 768,256	\$ 1,153,851
Additions		
Internally Restricted allocation	102,425	-
Reductions		
Amount transferred to administration	<u>(396,531)</u>	<u>(385,595)</u>
Balance, end of year	<u>\$ 474,150</u>	<u>\$ 768,256</u>

**Oak Ridges Moraine Foundation
Notes to Financial Statements**

December 31, 2011

7. Educational Fund

Changes in the Educational Fund balance during the year are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 84,077	\$ 243,470
Additions		
Educational Fund allocation	227,000	-
Reductions		
Approved expenditures	<u>(238,415)</u>	<u>(159,393)</u>
Balance, end of year	<u>\$ 72,662</u>	<u>\$ 84,077</u>

8. Caring for Moraine Fund

Changes in the Caring for Moraine Fund balance during the year are as follows:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 52,577	\$ 84,980
Additions		
Caring for Moraine Fund allocation	32,500	30,000
Donation received	17,500	-
	<u>50,000</u>	<u>30,000</u>
Reductions		
Approved expenditures	(28,977)	(62,403)
Invested in capital assets	(26,977)	-
	<u>(55,954)</u>	<u>(62,403)</u>
Balance, end of year	<u>\$ 46,623</u>	<u>\$ 52,577</u>

Oak Ridges Moraine Foundation Notes to Financial Statements

December 31, 2011

9. Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged between willing parties. The best estimate of fair value is the quoted market price.

All of the foundation's cash is held at one of the major financial institutions and is recorded at fair value.

10. Capital Disclosure

The foundation considers its capital to be the balance retained in net assets, which is generally the difference between its assets and its liabilities as reported on its statement of financial position. In 2002, the foundation received externally restricted funding from the Minister of Municipal Affairs and Housing for the delivery of funds to be used in support of the Oak Ridges Moraine as guided by its Letters Patent and By-laws. These funds are maintained and disbursed under the terms of the relevant funding agreements and management is responsible for adhering to the provisions of these agreements.

The foundation's objectives when managing capital are to safeguard the foundation's ability to continue as a going concern so that it can continue to provide delivery of its mandatory services to the members.

Management maintains its capital by ensuring that annual operating budget is developed and approved by Board of Directors based on known or estimated sources of funding/financing available each year. These budgets are shared with all management of the foundation to ensure that the capital of the foundation is maintained.