

Bruce Peninsula Biosphere Association
Financial Statements
For the year ended December 31, 2018

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Independent Auditor's Report

**To the Board of Directors of the
Bruce Peninsula Biosphere Association**

Qualified Opinion

We have audited the accompanying financial statements of the Bruce Peninsula Biosphere Association (the Association), which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets 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 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 Association as at December 31, 2018, and its results of its 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 charitable organizations, the Association derives revenue from donations and fundraising activities 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 Association 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 these 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 the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association'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 Association'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 Association 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 30, 2019

Bruce Peninsula Biosphere Association
Statement of Financial Position

December 31	2018	2017
		(restated) (Note 7)
Assets		
Current		
Cash and bank	\$ 140,411	\$ 130,301
Accounts receivable (Note 2)	58,148	74,168
	198,559	204,469
Capital assets (Note 3)	21,644	26,186
	\$ 220,203	\$ 230,655
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 10,960	\$ 13,007
Deferred revenue (Note 5)	116,624	135,841
	127,584	148,848
Net assets (Page 6)		
Invested in capital assets	21,644	26,186
Internally restricted for Eco Adventures	15,106	-
Unrestricted	55,869	55,621
	92,619	81,807
	\$ 220,203	\$ 230,655

Approved on behalf of the Board of Directors:

_____ Director

_____ Director

Bruce Peninsula Biosphere Association
Statement of Changes in Net Assets

For the year ended December 31	2018	2017
Balance, beginning of the year - as previously stated	\$ -	\$ 69,219
Change in accounting policy (Note 7)	-	20,781
Balance, beginning of the year	81,807	90,000
Excess of revenue over expenses (expenses over revenue) for the year (Page 7)	10,812	(8,193)
Balance, end of the year	\$ 92,619	\$ 81,807

Bruce Peninsula Biosphere Association
Statement of Operations

For the year ended December 31	2018	2017
		(restated) (Note 7)
Revenue		
Grants - Six Streams Project	\$ 365,460	\$ 374,492
Grants - Phragmites	33,581	77,541
Grants - Eco Adventures	59,964	21,994
Grants - Other programs	20,678	5,854
Lion's Club donation	24,000	-
Donations	22,071	6,397
Eco Adventures	20,366	-
Fundraising and raffle	7,220	7,318
Memberships and interest	1,262	814
	554,602	494,410
Expenses		
Six Streams Project		
Salaries, benefits and contracts	156,261	144,759
Materials, services and supplies	185,963	198,263
Phragmites Project		
Salaries, benefits and contracts	24,622	52,383
Materials, services and supplies	23,839	21,752
Dark Sky Project		
Salaries, benefits and contracts	6,380	5,846
Materials, services and supplies	29	-
Eco Adventures		
Salaries, benefits and contracts	35,968	9,485
Materials, services and supplies	29,254	13,128
General and administrative		
Salaries, benefits and contracts	35,539	25,454
Materials, services and supplies	32,462	17,227
Lottery and promotion	3,609	4,643
Amortization	9,864	9,663
	543,790	502,603
Excess of revenue over expenses (expenses over revenue) for the year	\$ 10,812	\$ (8,193)

The accompanying notes are an integral part of these financial statements.

Bruce Peninsula Biosphere Association
Statement of Cash Flows

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	\$ 10,812	\$ (8,193)
Items not involving cash		
Amortization of capital assets	9,864	9,663
Contributed capital assets	-	(3,500)
	<u>20,676</u>	<u>(2,030)</u>
Changes in non-cash working capital balances		
Accounts receivable	16,020	(18,714)
Accounts payable and accrued liabilities	(2,047)	(145)
Deferred revenue	(19,217)	58,510
	<u>15,432</u>	<u>37,621</u>
Investing activities		
Purchase of capital assets	(5,322)	(11,568)
	<u>10,110</u>	<u>26,053</u>
Increase in cash during the year	10,110	26,053
Cash and bank, beginning of the year	130,301	104,248
Cash and bank, end of the year	\$ 140,411	\$ 130,301

The accompanying notes are an integral part of these financial statements.

Bruce Peninsula Biosphere Association
Notes to Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Established in 2000, the Bruce Peninsula Biosphere Association is dedicated to implementing the concepts of UNESCO World Biosphere Reserves in the Northern part of the Niagara Biosphere Reserve. The Association is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

These financial statements have been 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 receipt of goods or services and the creation of a legal obligation to pay.

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Donations, fundraising, raffle and memberships are recorded when received.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized. Amortization is provided over the estimated useful life of the assets, using straight-line basis. The useful life of the assets is based on management estimates. The following useful lives are used:

Equipment	5 years
Computers	3 years

Pledges

Pledges to donate funds to the Association are not included in revenues until such time as the funds are received.

Bruce Peninsula Biosphere Association
Notes to Financial Statements

December 31, 2018

1. Summary of Significant Accounting Policies - (continued)

Contributed Services	Volunteers assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the Association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

2. Accounts Receivable

There are no impairment allowances relating to accounts receivable.

	<u>2018</u>		<u>2017</u>
Grants and other	\$ 38,095	\$	54,718
HST Recoverable and other government remittances	20,053		19,450
	<u>\$ 58,148</u>	\$	<u>74,168</u>

Bruce Peninsula Biosphere Association
Notes to Financial Statements

December 31, 2018

3. Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 46,937	\$ 26,760	\$ 41,765	\$ 18,312
Computers	4,500	3,033	4,350	1,617
	\$ 51,437	\$ 29,793	\$ 46,115	\$ 19,929
Net book value		\$ 21,644		\$ 26,186

4. Accounts Payable and Accrued Liabilities

There are \$1,368 in government remittances included in accounts payable and accrued liabilities (2017 - \$2,938).

5. Deferred Revenue

	2018	2017
Environment Canada - EcoAction	\$ 10,952	\$ 28,183
Environment Canada - Habitat Stewardship	-	12,941
Nature Conservancy of Canada - Phragmites	-	5,205
Ministry of the Environment - Septic Systems	-	37,500
Ontario Trillium Foundation - Wilderness Eco Adventures	-	29,463
Ministry of Natural Resources and Fisheries	-	662
Ontario Trillium Foundation - Soil Erosion	11,088	21,166
Ontario Regional Tourism for Eco Adventures	351	721
Grey Bruce Community Foundation - Forest Fair	915	-
Grey Bruce Community Foundation - Eco Adventures	3,000	-
Ontario Trillium Foundation - Six Streams	27,400	-
Gosling Foundation	1,820	-
Friends of the Greenbelt - Eco Adventures	37,098	-
Lion's Club	24,000	-
	\$ 116,624	\$ 135,841

Bruce Peninsula Biosphere Association
Notes to Financial Statements

December 31, 2018

6. Financial Risks

The Association is exposed to risks that arise from its use of financial instruments. The Association's financial instruments consist of cash and bank, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant currency risk arising from these financial instruments. The Association is exposed to credit risk arising from its accounts receivable and liquidity risk arising from its accounts payable and accrued liabilities.

7. Change in Accounting Policies

On January 1, 2018, the Association changed its accounting policy for the treatment of tangible capital assets under accounting standard Section 4433. Previously, they had expensed such costs. Now the Association no longer meets the criteria to expense such costs and capitalizes them as incurred. As a result of this adoption the presentation of the financial statements changed from the prior year. The standards require the recognition of all tangible capital assets on the statement of financial position. In addition, amortization on tangible capital assets is recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period.

The impact of adopting the tangible capital asset standard was as follows:

	2017
Statement of Financial Position:	
Increase in capital assets	\$ 26,186
Increase in invested in capital assets	\$ 26,186
Statement of Operations:	
Increase in operating revenues	
Donations	\$ (3,500)
Increase (decrease) in operating expenses	
Six Streams materials, services, and supplies	(11,218)
General and administrative materials, services, and supplies	(350)
Amortization	9,663
Decrease in excess of expenses over revenue	5,405
Increase in opening net assets	20,781
	\$ 26,186
