
BRUCE PENINSULA BIOSPHERE ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022



Independent Auditor's Report

To the Directors of
Bruce Peninsula Biosphere Association

Qualified Opinion

I have audited the financial statements of Bruce Peninsula Biosphere Association, which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022 and its financial performance 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 Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any audit adjustments might be necessary to donations, fundraising, excess of revenue over expenses for the year, cash flow from operations for the years ended December 31, 2022 and 2021, and net assets as at December 31 for the the 2022 and 2021 years. The prior year audit opinion on the financial statements for the years ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope. (See other matter.)

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 organization, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Financial Statements

My 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 included my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion, My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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 represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Other matter

The financial statements of Bruce Peninsula Biosphere Association for the year ended December 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on April 17, 2023.



Markham, Ontario
June 26, 2023

Chartered Professional Accountant
Licensed Public Accountant

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
Current		
Cash	\$ 180,693	\$ 321,039
Accounts receivable (Note 3)	112,787	35,822
Prepaid expenses	<u>3,600</u>	<u>1,497</u>
	297,080	358,358
Capital Assets (Note 4)	<u>37,265</u>	<u>9,618</u>
	<u>\$ 334,345</u>	<u>\$ 367,976</u>
Liabilities		
Current		
Amounts payable and accrued liabilities (Note 5)	\$ 41,837	\$ 31,708
Deferred grant revenue (Note 6)	<u>6,159</u>	<u>124,882</u>
	47,996	156,590
Long term debt (Note 7)	<u>30,000</u>	<u>30,000</u>
	<u>77,996</u>	<u>186,590</u>
Net Assets		
Net Assets		
Internally restricted (Note 8)	15,755	29,364
Invested in capital assets	37,265	9,618
Unrestricted	<u>203,329</u>	<u>142,404</u>
	<u>256,349</u>	<u>181,386</u>
	<u>\$ 334,345</u>	<u>\$ 367,976</u>

Subsequent Events (Note 10)

Approved on behalf of the board:

_____ Director

_____ Director

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Statement of Operations

For the year ended December 31, 2022

	2022	2021
Revenue		
Grants - Bioremediation	\$ 218,863	\$ 12,906
Grants - Eco Adventures	170,054	49,185
Grants- Six Streams Project	133,402	198,569
Grants - Climate Change	115,196	144,653
Grants - Other programs	20,064	15,180
Grants - Conservation Stewardship	502	19,500
Grants - Covid-19 support	-	38,404
Grants - Phragmites	-	5,198
Eco Adventures and Gran Fondo (Note 9)	66,977	55,846
Fundraising and raffle	13,052	3,220
Donations	7,090	8,534
Memberships and interest	689	3,340
	<u>745,889</u>	<u>554,535</u>
Expenses		
Bioremediation		
Salaries, benefits and contracts	155,375	16,387
Materials, services and supplies	63,987	1,599
Eco Adventures		
Salaries, benefits and contracts	116,697	73,440
Materials, services and supplies	50,143	19,078
Six Streams Project		
Salaries, benefits and contracts	79,468	67,923
Materials, services and supplies	44,230	132,514
Climate Change		
Salaries, benefits and contracts	71,346	45,967
Materials, services and supplies	33,505	75,989
Conservation and Stewardship		
Salaries, benefits and contracts	-	13,509
Materials, services and supplies	-	11,826
Phragmites Project		
Salaries, benefits and contracts	-	5,517
Materials, services and supplies	-	1,012
General and administrative		
Salaries, benefits and contracts	19,733	4,486
Non-recoverable HST	7,891	5,045
Accounting and legal	6,290	4,524
Other	5,277	4,808
Website and communications	441	1,118
Insurance	-	3,377
Amortization	15,194	6,626
Lottery and fundraising	1,349	-
	<u>670,926</u>	<u>494,745</u>
Excess of revenue over expenses	\$ 74,963	\$ 59,790

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Statement of Changes in Net Assets

For the year ended December 31, 2022

	2022	2021
Net assets, beginning of the year	\$ 181,386	\$ 121,596
Excess of revenue over expenses for the year	<u>74,963</u>	<u>59,790</u>
Net assets, end of the year	<u>\$ 256,349</u>	<u>\$ 181,386</u>

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Operating activities		
Excess of revenue over expenses for the year	\$ 74,963	\$ 59,790
Items not involving cash		
Deferred revenue recognized	(124,882)	(52,175)
Amortization of capital assets	<u>15,194</u>	<u>6,626</u>
	(34,725)	14,241
Changes in non-cash working capital balances		
Accounts receivable	(76,965)	(13,864)
Prepaid expenses	(2,103)	265
Accounts payable and accrued liabilities	10,129	639
Deferred revenues received	<u>6,159</u>	<u>124,882</u>
	<u>(97,505)</u>	<u>126,163</u>
Financing activity		
Short term investment redeemed	<u>-</u>	<u>100,000</u>
Investing activity		
Purchase of capital assets	<u>(42,841)</u>	<u>(8,253)</u>
Change in cash during the year	(140,346)	217,910
Cash, beginning of year	<u>321,039</u>	<u>103,129</u>
Cash, end of year	\$ 180,693	\$ 321,039

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

1. Purpose of the 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.

2. Significant Accounting Policies

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 Organization 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 determined and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations, fundraising, raffle, memberships and interest are recognized 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

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

2. Significant Accounting Policies cont'd

Pledges

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

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.

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

3. Accounts Receivable

There are no impairment allowances relating to accounts receivable.

	<u>2022</u>	<u>2021</u>
Grants and other		
Eco Canada Careers	\$ 15,893	\$ 8,400
Government of Canada	4,979	5,878
Agri-Science Canada	5,088	1,741
Parks Canada	10,397	-
Bioenterprise	39,224	-
Government of Ontario	10,000	-
Ontario Ministry of Environment	4,481	-
Ontario Trillium Foundation	-	6,400
Friends of Greenbelt	-	4,307
Other	7,316	-
HST Recoverable and other government remittances	<u>15,409</u>	<u>9,096</u>
Balance, end of year	<u>\$ 112,787</u>	<u>\$ 35,822</u>

4. Capital Assets

Capital assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 100,013	\$ 65,148	\$ 34,865	\$ 8,542
Computers	<u>8,443</u>	<u>6,043</u>	<u>2,400</u>	<u>1,076</u>
	<u>\$ 108,456</u>	<u>\$ 71,191</u>	<u>\$ 37,265</u>	<u>\$ 9,618</u>

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

5. Accounts Payable and Accrued Liabilities

There are no government remittances included in accounts payable and accrued liabilities (2021 - \$NIL).

6. Deferred Revenue

	<u>2022</u>	<u>2021</u>
Donations - Bayside Astronomy	\$ 229	\$ 229
Grey Bruce Community Foundation	2,930	-
Ministry of Environment - Septic systems	-	41,723
Northern Bruce Peninsula - Bayside Astronomy	3,000	2,000
Ontario Trillium Foundation - Eco Adventures 3 day trip	-	25,000
Environment Canada - Climate Change	-	30,757
Environment Canada - Ecoaction	-	13,883
Ontario Trillium Foundation - Eco Adventures Fatbikes	-	11,290
Balance, end of year	<u>\$ 6,159</u>	<u>\$ 124,882</u>

7. Long Term Debt

	<u>2022</u>	<u>2021</u>
Canada Emergency Business Account (CEBA) loan non-interest bearing, repayable December 31, 2023	<u>\$ 30,000</u>	<u>\$ 30,000</u>

8. Internally Restricted Net Assets

The Internally Restricted Net Assets related to The Association's Eco Adventure program and have been internally restricted by the board to hedge the risk against the program not earning profit to disseminate to The Association's conservation and stewardship efforts. The Association sought grants to assist with the start up phase of the program, and have restricted any excess of revenue over expenses that the program generated to segregate funds appropriately.

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

9. Internally Restricted Net Assets cont'd

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 29,364	\$ 29,738
Excess (deficiency) of revenue over expenses for Eco Adventures	<u>(13,609)</u>	<u>(374)</u>
Balance, end of year	<u>\$ 15,755</u>	<u>\$ 29,364</u>

9. Gran Fondo

Gran Fondo includes net revenues of \$43,364 (2021 - \$43,744). The gross revenues were \$67,612 (2021 - \$64,505) including sponsorship revenues and gross expenses were \$24,248 (2021 - \$20,761).

10. Subsequent Events

In fiscal 2023, The Association has entered into an agreement with the Ontario Ministry of the Environment, Conservation and Parks to co-ordinate, implement and manage a large scale Wetland Restoration Project. The Project seeks to to increase the total area (hectarage) of wetlands in Ontario and improve the function of existing wetlands infrastructure within the Georgian Bay watershed to accrue the potential for a multitude of short and long term benefits to the immediate communities around these wetlands as well as to downstream waterbodies, communities and local businesses. This project allows for maximum funding of \$550,000.

Also in fiscal 2023, The Association has entered into a second agreement with the Ontario Ministry of the Environment, Conservation and Parks. The two year agreement is called "Making Progress on Lake Huron Lakewide Partnership" whereby The Association administers agreements with five other organizations for which The Association is paid a fee for administration. The organizations are: Sault St. Marie Innovation Centre, Manitoulin Streams, Georgian Bay Biosphere Association, Pine River and Friends of St Clair River. The Association also will receive \$150,000 over two years for the septic system program. The total amount received over two years is \$474,500 and The Association has already received and made appropriate allocations in the amount of \$237,259.

BRUCE PENINSULA BIOSPHERE ASSOCIATION

Notes to Financial Statements

December 31, 2022

11. Financial Instruments and Risk Management

In accordance with section 3855, Financial Instruments - Recognition and Measurement, financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The financial assets and financial liabilities of The Association are classified and measured as follows:

Financial Asset/ Liability	Category	Measurement
Cash	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
HST recoverable	Loans and receivables	Amortized cost
Amounts payable	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs. Gains and losses arising from changes in fair value of financial instruments classified as available for sale are recognized in the statement of changes in net assets until the financial asset is sold or otherwise derecognized. Upon sale or derecognition, the cumulative gain or loss previously recognized in the statement of changes in net assets is transferred to the statement of operations.

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability at the reporting date.

For HST recoverable and amounts payable, the fair values approximate their carrying value due to their short term maturity or capacity of prompt liquidation. The fair value of loan payable is not determinable and it is recorded at its carrying value.

The Organization's risk management policy is to reduce volatility in cash flow and earnings. The Board of Directors reviews the risk management policy on an annual basis. It is the Board's opinion that the Organization is not exposed to significant interest rate risk, credit risk or liquidity risk.