

**Lake Simcoe Conservation Foundation
Financial Statements
Year ended December 31, 2021**

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Cash Flows	6
Statement of Changes in Net Assets	7
Notes to the Financial Statements	8 - 13



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Independent Auditor's Report

To the members of Lake Simcoe Conservation Foundation

Qualified Opinion

We have audited the accompanying financial statements of Lake Simcoe Conservation Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2021, 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 Foundation as at December 31, 2021, and its results of 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 Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 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, 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 Foundation'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 Foundation'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 Foundation 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.

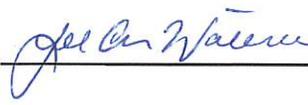
Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
May 25, 2022

**Lake Simcoe Conservation Foundation
Statement of Financial Position**

Year Ended December 31	2021	2020
Assets		
Current		
Cash and cash equivalents	\$ 1,828,016	\$ 988,564
Accounts receivables	12,471	21,656
Prepaid expenses	1,562	19,187
	\$ 1,842,049	\$ 1,029,407
Liabilities and Net Assets		
Current		
Accounts payable and accruals	\$ 13,734	\$ 3,324
Due to Lake Simcoe Region Conservation Authority	48,383	67,438
Deferred dinner revenues (Note 2)	13,600	30,750
Deferred grant revenues (Note 2)	8,505	47,810
Deferred campaign contributions (Note 2)	1,525,258	838,971
	1,609,480	988,293
Net Assets		
Unrestricted operating reserve	100,000	12,370
Internally restricted connect campaign reserve	-	-
Internally restricted program reserve	132,569	28,744
	232,569	41,114
	\$ 1,842,049	\$ 1,029,407

On behalf of the Board:


President

Secretary/Treasurer

See accompanying notes to the financial statements.

**Lake Simcoe Conservation Foundation
Statement of Operations**

Year Ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Government and other grants	\$ 239,667	\$ 266,921	\$ 101,357
Investment and other income	-	68	5,209
Campaign sourced fundraising	912,999	407,110	185,482
Dinner fundraising	202,250	196,314	119,500
	<u>1,354,916</u>	<u>870,413</u>	<u>411,548</u>
Expenses			
Board	4,627	4,808	7,497
Legal and audit	4,400	4,500	6,053
Fundraising	182,003	154,702	280,387
Operating	90,050	82,940	83,665
	<u>281,080</u>	<u>246,950</u>	<u>377,602</u>
Net revenue before transfers	1,073,836	623,463	33,946
Transfers to Lake Simcoe Region Conservation Authority for Remedial projects	436,667	432,008	132,930
Excess (deficiency) of revenue over expenses	<u>\$ 637,169</u>	<u>\$ 191,455</u>	<u>\$ (98,984)</u>

See accompanying notes to the financial statements.

**Lake Simcoe Conservation Foundation
Statement of Cash Flows**

Year Ended December 31	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 191,455	\$ (98,984)
Change in non-cash operating balances:		
(Increase) decrease in receivables and prepaid expenses	26,810	(12,706)
Increase (decrease) in accounts payable and accruals	(8,645)	(140,106)
Increase in deferred revenue	629,832	411,827
Net increase in cash and cash equivalents	839,452	160,031
Cash and cash equivalents, beginning of year	988,564	828,533
	\$ 1,828,016	\$ 988,564

See accompanying notes to the financial statements.

**Lake Simcoe Conservation Foundation
Statement of Changes in Net Assets**

Year ended December 31, 2021, with comparative information for 2020

				2021	2020
	Unrestricted Operating Reserve	Internally Restricted Program Reserve	Internally Restricted Connect Campaign Reserve	Total	Total
Balance - beginning of year	\$ 12,370	\$ 28,744	\$ -	\$ 41,114	\$ 140,098
Excess (deficiency) of revenue over expenses	87,630	103,825	-	191,455	(98,984)
Balance - end of year	\$ 100,000	\$ 132,569	\$ -	\$ 232,569	\$ 41,114

See accompanying notes to the financial statements.

Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

a. Nature of operations

Lake Simcoe Conservation Foundation, formerly known as Lake Simcoe Region Conservation Foundation, (the “Foundation”) was incorporated in October 1973 to aid the Lake Simcoe Region Conservation Authority (“LSRCA”) by raising funds and serving as custodian of donations, endowment funds and gifts for conservation and environmental purposes. The Foundation is a registered charity and is not subject to income taxes under the Income Tax Act.

b. Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

c. 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. Investment income is recognized as revenue when earned.

d. Contributed goods and services

The Foundation derives significant benefit from goods and services donated by volunteers. Since these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Lake Simcoe Conservation Foundation Notes to the Financial Statements

December 31, 2021

e. Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. 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 expensed for those items measured at fair value at each statement of financial position date. Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments measured at cost or amortized cost are capitalized and amortized over the expected life of the instrument using the straight-line method.

The Foundation's financial instruments comprise of cash and cash equivalents which are recorded at fair value and receivables, accounts payable and accruals which are recorded at amortized cost.

f. Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The principal estimates used in the preparation of these financial statements include significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

g. Allocations of expenses

The Foundation allocates human resources costs based on the time spent by staff for operations, fundraising activities, and Board activities.

h. Cash and cash equivalents

The Foundation considers deposits in banks and short-term investments with maturities of three months or less as cash and cash equivalents.

Lake Simcoe Conservation Foundation Notes to the Financial Statements

December 31, 2021

2. Deferred dinner, campaign, and grant contributions

The Foundation raises funds through campaign contributions for specific aspects of conservation. The following summary reports the activity related to each of these conservation purposes for the year:

	January 1, 2021	Campaign & Grant Funding	Transfer to LSRCA	Transfer to Income (Operations)	December 31, 2021
Franklin Fishing	1,923	5,407	-	3,144	4,185
Lake Simcoe Social General	-	3,750	-	-	3,750
Inspiring Greener Communities Marinas	87,736	100,688	81,540	-	106,884
Conservation Dinner	11,792	111,375	50,000	3,917	69,250
Dalton Hicks Golf Tournament	2,250	1,125	-	-	3,375
Conservation Days	30,750	175,514	-	192,664	13,600
	-	33,239	-	6,855	26,384
	4,500	2,625	-	-	7,125
Any Priority Initiative - Unrestricted Disbursements to LSRCA	138,951	433,723	131,540	206,581	234,553
Education	2,167	431	-	-	2,598
Connect Campaign	642,988	575,448	13,738	-	1,204,698
Golf Tournament	58,408	-	-	-	58,408
50/50 Raffle - Pay Day Pay Out	1,459	15,575	-	7,945	9,089
Environmental Education & Engagement	705,022	591,454	13,738	7,946	1,274,793
Tree Memorial	809	788	809	-	788
Restoration Fund	14,013	19,737	18,569	-	15,181
Restoring and Regenerating Aquatic & Terrestrial	14,821	20,525	19,378	-	15,968
Dog Park	3,555	-	-	-	3,555
Scanlon Events	6,003	1,882	-	-	7,885
Taking Care of Our Parks	9,558	1,882	-	-	11,440
Lake Simcoe Watershed Research & Innovation	1,369	735	-	-	2,104
Lake Simcoe Watershed Research & Innovation	1,369	735	-	-	2,104
TD Friends of the Environment	4,500	3,000	-	-	7,500
Royal Bank of Canada Donation	28,310	71,667	98,972	-	1,005
Helen McCrea Peacock	15,000	-	15,000	-	-
DFO	-	53,380	53,380	-	-
MECP	-	100,000	100,000	-	-
Grants	47,810	228,047	267,352	-	8,505
Total	\$ 917,531	1,276,366	432,008	214,526	\$ 1,547,363

A detailed description of each deferred contribution category is available from the Foundation.

Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2021

3. Internally Restricted Funds and Unrestricted Program Reserve:

The net assets invested in the unrestricted operating reserve include amounts to fund operational commitments entered into by the Foundation and to help ensure the financial security of the Foundation. The minimum operating reserve balance is \$45,000 while the maximum operating reserve balance is \$100,000. In 2020 the Board approved use of 50% of 15% Admin Connect Campaign Revenue received in 2022 to payback the draw on the operating reserve from 2020. In 2021, this payback amount totalled \$50,775.

The net assets invested in the internally restricted program reserve include any surplus in the unrestricted operating reserve beyond the balance of \$100,000. The entire balance of this internally restricted program reserve account is intended for disbursement to the Lake Simcoe Region Conservation Authority following the fiscal year end and will be used to fund Foundation Board approved priority environmental programs and projects that support our Vision, Mission and Objectives.

The net assets invested in the internally restricted Connect Campaign reserve include any surplus resulting from the portion of donated funds covering the administrative expenses for the Connect Campaign. The entire balance of this internally restricted program reserve account is intended to be used to cover the ongoing administrative expenses related to the Connect Campaign. The remaining 2021 surplus in the Connect Campaign program in the amount of \$24,405, was also used to payback the funds drawn from the operating reserve in 2020. There is still an amount owing to payback the operation reserve of \$28,008.

4. Expense allocation

Wages and benefits are allocated between operations, fundraising, and Board, based on the time spent by staff in each of these categories. The allocation is as follows:

	2021	2020
Operating	\$ 77,110	\$ 77,698
Fundraising	76,594	243,496
Board	4,579	7,479
Total	<u>\$ 158,282</u>	<u>\$ 328,673</u>

Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2021

5. Related party transactions

The Lake Simcoe Region Conservation Authority exercises economic interest over the Foundation as the Foundation was established to raise funds and obtain resources for the exclusive use of the Authority. During the year, the Foundation contributed \$432,008 (2020 - \$132,930) towards projects in the Authority. Additionally, the Authority received from the Foundation \$141,133 (2020 - \$305,770) for expense reimbursement of Foundation related expenses at cost recovery. These transactions are measured at cost.

6. Financial instruments risks

Credit risk

The Foundation is exposed to credit risk arising from its accounts receivable. The majority of the Foundation's receivables are from developers and government sources. The risk has not changed from the previous year. As well, the Foundation's bank accounts are held at a Canadian chartered bank.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting financial obligations as they fall due. The Foundation mitigates this risk by ensuring that it always has sufficient cash to allow it to meet its liabilities when they become due. Liquidity risk arises from accounts payable and accrued liabilities. The risk has not changed from the previous year.

7. Comparative information

Certain comparative amounts have been re-classified to conform to the financial statement presentation adopted in the current year.

Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2021

8. Uncertainty Due to COVID-19

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations.

The Foundation has mandated work-from-home supported by technology and infrastructure to access servers from remote locations, for those who were able to do so. Management continues to closely monitor and manage the impact of COVID-19 to the operations of the Foundation by managing expenditures accordingly.
