

**Lake Simcoe Conservation Foundation  
Financial Statements  
Year ended December 31, 2018**

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## Independent Auditor's Report

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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, 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 Foundation as at December 31, 2018, 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, 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 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.

*BDO Canada LLP*



Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario  
May 22, 2019

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

<u>Year Ended December 31</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 477,819	\$ 590,663
Receivables	72,149	49,407
Prepaid expenses	7,627	7,417
	<u>\$ 557,595</u>	<u>\$ 647,487</u>
<hr/>		
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accruals	\$ 6,458	\$ 3,539
Due to LSRCA	130,935	201,397
Deferred Dinner Revenues (Note 3)	27,900	35,900
Deferred Grant Revenues (Note 4)	64,915	4,944
Deferred Campaign Contributions (Note 4)	193,832	301,707
	<u>424,040</u>	<u>547,487</u>
<b>Net Assets</b>		
Unrestricted Operating Reserve	100,000	100,000
Internally Restricted Program Reserve	33,555	-
	<u>133,555</u>	<u>100,000</u>
	<u>\$ 557,595</u>	<u>\$ 647,487</u>

On behalf of the Board


 \_\_\_\_\_ President
 
 \_\_\_\_\_ Secretary/Treasurer

See accompanying notes to the financial statements.

**Lake Simcoe Conservation Foundation  
Statement of Operations**

<b>Year Ended December 31</b>	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Revenue</b>			
Government and other grants	\$ 126,000	\$ 100,271	\$ 81,323
Investment and other income	1,000	3,641	3,477
Campaign sourced fundraising	374,000	497,302	361,730
Dinner fundraising	200,000	223,955	206,793
	<u>701,000</u>	<u>825,169</u>	<u>653,323</u>
<b>Expenses</b>			
Board	7,831	7,436	7,256
Legal and audit	4,000	4,212	3,976
Fundraising	160,547	264,195	164,071
Operating	94,028	91,386	78,486
	<u>266,406</u>	<u>367,229</u>	<u>253,789</u>
Net revenue before transfers	434,594	457,940	399,534
Transfers to Lake Simcoe Region Conservation Authority for Remedial projects	124,680	424,385	460,596
	<u>124,680</u>	<u>424,385</u>	<u>460,596</u>
Excess (deficiency) of revenue over expenses	<u>\$ 309,914</u>	<u>\$ 33,555</u>	<u>\$ (61,062)</u>

See accompanying notes to the financial statements.

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

<b>Year Ended December 31</b>	<b>2018</b>	<b>2017</b>
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	33,555	(61,062)
Change in non-cash operating balances:		
(Increase) in receivable and prepaid expenses	(22,952)	(4,529)
Increase (decrease) in accounts payable and accruals	(67,543)	164,844
Increase (decrease) in deferred revenue	(55,904)	48,723
Net increase (decrease) in cash and cash equivalents	(112,844)	147,976
Cash and cash equivalents, beginning of year	590,663	442,687
<b>Cash and cash equivalents, end of year</b>	<b>477,819</b>	<b>590,663</b>

See accompanying notes to the financial statements.

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

Year ended December 31, 2018, with comparative information for 2017

	2018			2017
	Unrestricted Operating Reserve	Internally Restricted Program Reserve	Total	
Balance - beginning of year	\$ 100,000	\$ -	\$100,000	\$ 161,062
Excess (deficiency) of revenue over expenses	-	33,555	33,555	(61,062)
Balance - end of year	<u>\$ 100,000</u>	<u>33,555</u>	<u>\$133,555</u>	<u>\$ 100,000</u>

See accompanying notes to the financial statements.

# **Lake Simcoe Conservation Foundation**

## **Notes to the Financial Statements**

December 31, 2018

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### **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, 2018

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**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, 2018

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**2. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
Cash	<b>\$ 327,589</b>	<b>\$ 590,663</b>
Guaranteed investment certificate with an interest rate of 1.75%, maturing on March 1, 2019	<b>150,230</b>	<b>-</b>
	<b><u>\$ 477,819</u></b>	<b><u>\$ 590,663</u></b>

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**3. Deferred Dinner Revenues**

Deferred revenue consists of funds held for the following projects:

	<b>2018</b>	<b>2017</b>
2019 Foundation Dinner Fundraiser	<b>\$ 27,900</b>	<b>\$ 35,900</b>

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# Lake Simcoe Conservation Foundation

## Notes to the Financial Statements

December 31, 2018

### 4. Deferred 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, 2018	Campaign & Grant Funding	Transfer to LSRCA	Transfer to Income (Administration)	December 31, 2018
Franklin Fishing	\$ 972	9,188	-	4,569	\$ 5,591
Lake Simcoe Social General	-	2,250	-	891	1,359
Polar Dip	70,435	88,728	124,738	-	34,425
Inspiring Greener Communities	25,399	3,330	-	125	28,604
Marinas	82,804	80,438	89,350	11,490	62,402
Conservation Days	13,197	2,250	-	-	15,447
	536	3,995	3,808	-	723
<b>Any Priority Initiative - Unrestricted Disbursements to LSRCA</b>	<b>193,343</b>	<b>190,179</b>	<b>217,896</b>	<b>17,075</b>	<b>148,551</b>
Education	-	113	-	-	113
Connect Campaign	-	97,326	-	79,745	17,581
Environmental Education & Engagement	-	97,439	-	79,745	17,694
Tree Memorial	85,311	13,444	97,308	586	861
Restoration Fund	1,058	11,696	7,410	-	5,344
<b>Restoring and Regenerating Aquatic &amp; Terrestrial</b>	<b>86,369</b>	<b>25,140</b>	<b>104,718</b>	<b>586</b>	<b>6,205</b>
Dog Park	3,555	-	-	-	3,555
Discovery Play Garden	13,501	-	-	-	13,501
Scanton Events	4,939	361	1,500	-	3,800
Scanton Boardwalk	-	-	-	-	-
Taking Care of Our Parks	21,995	361	1,500	-	20,856
Lake Simcoe Watershed Research & Innovation	-	526	-	-	526
Lake Simcoe Watershed Research & Innovation	-	526	-	-	526
TD Friends of the Environment	4,944	7,000	4,944	-	7,000
DFO - Fisheries and Oceans Canada	-	105,012	70,327	-	34,685
Helen McCrea Peacock	-	13,230	-	-	13,230
MOECC - Great Lake Guardians Community Fun	-	25,000	25,000	-	-
MNRF Pargman Grant Grants	-	10,000	-	-	10,000
	4,944	160,242	100,271	-	64,915
<b>Total</b>	<b>\$ 306,651</b>	<b>473,887</b>	<b>424,385</b>	<b>97,406</b>	<b>\$ 258,747</b>

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

**Lake Simcoe Conservation Foundation  
Notes to the Financial Statements**

December 31, 2018

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**5. 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.

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.

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**6. 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:

	2018	2017
Operating	\$ 82,468	\$ 70,032
Fundraising	128,847	74,757
Board	7,116	7,009
Total	<u>\$ 218,431</u>	<u>\$ 151,798</u>

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# **Lake Simcoe Conservation Foundation**

## **Notes to the Financial Statements**

December 31, 2018

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### **7. 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 \$424,385 (2017 - \$460,596) towards projects in the Authority. Additionally, the Authority received from the Foundation \$172,623 (2017 - \$146,918) for expense reimbursement of Foundation related expenses at cost recovery. These transactions are measured at cost.

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### **8. 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.

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### **9. Comparative information**

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