

FRIENDS OF BON ECHO PARK

FINANCIAL STATEMENTS

March 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of
FRIENDS OF BON ECHO PARK

Opinion

We have audited the financial statements of **FRIENDS OF BON ECHO PARK**, which comprise the statement of financial position as at March 31, 2022, and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **FRIENDS OF BON ECHO PARK** as at March 31, 2022 and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 Organization 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Organization'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 Organization'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 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 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.



Belleville, Ontario
July 29, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

FRIENDS OF BON ECHO PARK
(Incorporated under the laws of Ontario)
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 157,520
Inventory - note 4	34,012
Prepaid expenses	<u>2,762</u>
	<u>\$ 194,294</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 9,007
Deferred revenue	1,500
Government remittances payable	<u>14,207</u>
	24,714

LONG-TERM DEBT - note 5

26,655
51,369

FUND BALANCES

142,925

\$ 194,294

Approved by the Board

_____ Member
_____ Member

(See accompanying notes)

FRIENDS OF BON ECHO PARK
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

REVENUE	
Grants	\$ 2,000
Gift shop and fleet	<u>372,652</u>
	374,652
COST OF SALES	<u>192,572</u>
GROSS PROFIT	182,080
Other operating revenues	
Donations and membership fees	<u>4,618</u>
Gross excess of revenue over expenses from operations	<u>186,698</u>
EXPENSES	
Advertising and promotion	1,603
Project expenses	414
Insurance	3,470
Interest and bank charges	5,963
Office and administration	12,751
Professional fees	5,596
Subscriptions, permits and licenses	2,635
Travel	226
Utilities	1,961
Wages and benefits	<u>145,756</u>
	<u>180,375</u>
Excess of revenue over expenses before other items	<u>6,323</u>
Other income	
Government assistance - Canada Emergency Wage Subsidies	33,000
Government assistance - Fair value adjustment of CEBA loan	<u>6,688</u>
	<u>39,688</u>
EXCESS OF REVENUE OVER EXPENSES	46,011
BALANCE, beginning of year	<u>96,914</u>
BALANCE, end of year	<u><u>\$ 142,925</u></u>

(See accompanying notes)

FRIENDS OF BON ECHO PARK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. PURPOSE OF ORGANIZATION

The Corporation's mission is to provide leadership and resources for the preservation of the natural and cultural heritage of Bon Echo Provincial Park. Friends of Bon Echo Park is incorporated and is a registered charity for income tax purposes, and as such, exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Financial Instruments

The Corporation's cash is initially recognized and subsequently measured at fair market value. All other financial instruments are initially measured at fair value and are subsequently measured at amortized cost.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

Capital Assets

The Corporation is considered to be a "small organization" for the purposes of the accounting recommendations of the Chartered Professional Accountants of Canada applicable to not-for-profit organizations. Accordingly, tangible capital assets are expensed at the time of purchase. Proceeds of disposition are shown as revenue when an item is sold. During the year, \$2,371 of tangible capital assets were purchased during the year.

Revenue Recognition

The Corporation 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 can be reasonably estimated and collection is reasonably assured.

Store sales are recognized as revenue when the sale of goods takes place and ownership of the goods passes to the customer. Donation and membership revenues are recognized as revenue when the payment is received. Grant revenues are recognized as revenue when notification is given that the grant has been approved, in accordance with the funding period that the grant covers.

FRIENDS OF BON ECHO PARK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed materials and services

Contributed materials are recorded at the fair market value of the items contributed on the date of contribution. Due to the difficulty in determining the fair value of volunteer services, contributed services are not recognized in the financial statements.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant estimates include those used when recording accrued liabilities.

3. FINANCIAL INSTRUMENTS

Currency Risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Corporation's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

**FRIENDS OF BON ECHO PARK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

3. FINANCIAL INSTRUMENTS (continued)

Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation's maximum exposure to credit risk represents the sum of the carrying value of its cash and HST rebate receivable. The Corporation's cash is deposited with a Chartered bank and, as a result, management believes the risk of loss on these items to be remote. The Corporation's HST rebate receivable is due from the government and, therefore, management believes that this amount will be collectible and therefore has not deemed it necessary to establish an allowance for doubtful accounts.

Changes in Risk

There were no changes in the Corporation's risk exposure during the year.

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet a demand for cash or fund its obligations as they become due. The Corporation manages this risk by preparing budgets and reviewing future cash flow requirements.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk arises from its investments in guaranteed investment certificates. The Corporation manages this risk by having prudent investment policies as maturity dates are structured to ensure that funds are available when needed.

Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Corporation is not exposed to other price risk.

FRIENDS OF BON ECHO PARK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

4. INVENTORY

Inventory consists of the following:

Clothing, books and gifts	\$ <u>34,012</u>
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The purchases amount presented on the Corporation's schedule of gift shop expenses depicts the amount of inventories recognized as an expense in the year.

5. LONG-TERM DEBT

Canada Emergency Business Account (CEBA) from BMO, interest at 0% during initial term, initial term ending December 31, 2022, interest owing at 5% during extended term ending on December 31, 2025, first interest payment date is January 31, 2023, \$10,000 is forgivable if 75% repaid before initial term date.

\$ 26,655

The book value of the loan at March 31, 2022 is \$40,000. The loan has been discounted to reflect the below market interest over the interest free period at a rate of 5%. The fair value adjustment on the loan is \$6,688 and is included in revenues as government assistance. The forgivable portion of \$10,000 was taken into income in 2021.

6. ACCOUNTING CHANGES

As of April 1, 2021, the Corporation adopted Canadian accounting standards for not-for-profit organizations. The fund balances of the preceding year were restated in order to be in conformity with generally accepted accounting principles adopted for the current year.

However, the figures corresponding to the previous year have not been adjusted and are not presented in the financial statements.

As there are no comparable figures shown as they were unaudited, no statement of cash flows was prepared as it would not provide useful information to users.