

**BIRD ECOLOGY AND CONSERVATION
ONTARIO**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

**BIRD ECOLOGY AND CONSERVATION ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

CONTENTS

	PAGE
Independent Auditors' Report	3 - 4
Statement of Operations	5
Statement of Financial Position	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 11
Project Implementation (Schedule "A")	12



INDEPENDENT AUDITORS' REPORT

To the Members of
Bird Ecology and Conservation Ontario

We have audited the accompanying financial statements of **Bird Ecology and Conservation Ontario**, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, **Bird Ecology and Conservation Ontario** derives revenue from donation and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of **Bird Ecology and Conservation Ontario**. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Bird Ecology and Conservation Ontario** as at December 31, 2016, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Toronto, Canada
March 16, 2017

BIRD ECOLOGY AND CONSERVATION ONTARIO
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Grants	\$ 95,517	\$ 14,345
Contracts	57,813	38,372
Fundraising and donations	8,448	4,699
Other income	103	-
	<u>161,881</u>	<u>57,416</u>
EXPENSES		
Project implementation (Schedule - "A")	144,872	50,244
Administrative and general	8,943	6,552
Grants and contributions	7,796	-
	<u>161,611</u>	<u>56,796</u>
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EXCESS OF REVENUE OVER EXPENSES	\$ 270	\$ 620

(The accompanying notes form an integral part of these financial statements.)

BIRD ECOLOGY AND CONSERVATION ONTARIO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	2016	2015
ASSETS		
Current		
Cash	\$ 7,453	\$ 1,365
Accounts receivable	18,790	13,810
Commodity taxes recoverable	507	549
	\$ 26,750	\$ 15,724
 LIABILITIES		
Current		
Bank indebtedness (note 3)	\$ 5	\$ 2,897
Accounts payable and accrued liabilities	2,919	4,857
Deferred revenue (note 4)	26,191	8,605
Advances from director	-	2,000
	29,115	18,359
 NET ASSETS (DEFICIENCY)		
Unrestricted	(2,365)	(2,635)
	\$ 26,750	\$ 15,724

(The accompanying notes form an integral part of these financial statements.)

**BIRD ECOLOGY AND CONSERVATION ONTARIO
STATEMENT OF CHANGES IN NET ASSETS (DEFICIENCY)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
BALANCE - beginning of year	\$(2,635)	\$ (3,255)
Excess of revenue over expenses	270	620

BALANCE - end of year	\$(2,365)	\$(2,635)
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(The accompanying notes form an integral part of these financial statements.)

BIRD ECOLOGY AND CONSERVATION ONTARIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 270	\$ 620
Net changes in non-cash working capital:		
Accounts receivable	(4,980)	(7,810)
Prepaid expenses	-	1,048
Accounts payable and accrued liabilities	(1,938)	3,868
Commodity taxes recoverable	42	(549)
Deferred revenue	<u>17,586</u>	<u>8,605</u>
	<u>10,980</u>	<u>5,782</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of line of credit	(2,892)	(6,040)
Repayment of advances from director	<u>(2,000)</u>	<u>-</u>
	<u>(4,892)</u>	<u>(6,040)</u>
INCREASE (DECREASE) IN CASH	6,088	(258)
CASH - beginning of year	1,365	1,623
CASH - end of year	\$ 7,453	\$ 1,365

(The accompanying notes form an integral part of these financial statements.)

BIRD ECOLOGY AND CONSERVATION ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. PURPOSE OF THE ORGANIZATION

Bird Ecology and Conservation Ontario (the "Organization") was incorporated on November 25, 2013 under the Canada Not-for-profit Corporations Act as a non-profit corporation without share capital. Its purpose is to protect the environment for the benefit of the public by conducting ecological research to further the conservation of at-risk birds and their habitats, and disseminating the research results to the public, researchers, and organizations involved in the conservation of wild birds and their habitats.

The Organization was registered as a charity on January 9, 2015 under the Income Tax Act, and is therefore not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada (CPA) Handbook and reflect the following significant accounting policies:

a) Revenue Recognition

The Organization 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.

Revenue from the provision of services under contracts are recorded in the accounts when the services have been provided.

b) Donated Services

The Organization derives a significant benefit from the voluntary services of its members. Since these services are not normally purchased by the Organization and because it is not possible to estimate their fair value, the value of these services is not recognized in these financial statements.

BIRD ECOLOGY AND CONSERVATION ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES - continued

c) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

The Organization's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

d) 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 based on currently available information. Such estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the reporting date and the reported amounts of revenue and expenses during the current period. Actual results could differ from the estimates and assumptions used. The significant estimates relate to determining the amount of deferred revenue.

BIRD ECOLOGY AND CONSERVATION ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. BANK INDEBTEDNESS

The Organization has a demand line of credit facility of \$20,000 and a credit card with a limit of \$5,000 with Bank of Montreal ("BMO"). The line of credit bears interest at BMO's base rate plus 1.55% (7.55%) per annum.

4. DEFERRED REVENUE

Deferred revenue represent contributions that have not yet been used for their intended purpose.

5. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis presents the Organization's exposures to significant risks at December 31, 2016:

a) Credit risk

The Organization is exposed to credit risk with respect to cash and accounts receivable. Accounts receivable are generally received at the beginning of the subsequent year. The credit risk with respect to cash is insignificant since they are held by a reputable and well capitalized financial institution.

b) Interest rate risk

The Organization is exposed to interest rate risk on its variable interest rate bank indebtedness. Variable rate instruments subject the Organization to related cash flow risk.

6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's financial statement presentation.

**BIRD ECOLOGY AND CONSERVATION ONTARIO
SCHEDULE OF PROJECT IMPLEMENTATION
DECEMBER 31, 2016**

	2016	2015
Salaries and benefits	\$ 102,585	\$ 28,865
Travel	17,168	6,575
Accommodation	9,118	160
Subcontractors	8,466	5,650
Project Supplies	7,504	8,967
Miscellaneous	31	27
	<hr/>	
	\$ 144,872	\$ 50,244

SCHEDULE "A"