

BIRD ECOLOGY AND CONSERVATION ONTARIO

Financial Statements
December 31, 2017

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, 2017 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 generally accepted 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 entity'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 entity'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Bird Ecology and Conservation Ontario derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of Bird Ecology and Conservation Ontario and we were not able to determine whether any adjustments might be necessary for recorded donations or fundraising revenues, the excess of revenues over expenditures, cash flows from operating activities for the years ended December 31, 2017 and December 31, 2016, current assets as at December 31, 2017 and December 31, 2016 and net assets as at January 1 and December 31 for 2016 and 2017. Consequently we expressed a qualified audit opinion on the financial statements for the year ended December 31, 2017, because of the possible effect of this scope limitation.

INDEPENDENT AUDITORS' REPORT CONTINUED

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Bird Ecology and Conservation Ontario as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Bird Ecology and Conservation Ontario for the year ended December 31, 2016 were audited by another firm of licensed public accountants who expressed an unmodified opinion on those statements on March 16, 2017.



Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
March 20, 2018

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF FINANCIAL POSITION December 31, 2017

	Note	2017	2016
ASSETS			
CURRENT			
Cash		\$ -	\$ 7,448
Accounts receivable		45,461	19,297
Prepaid expenses		657	-
		\$ 46,118	\$ 26,745
LIABILITIES			
CURRENT			
Bank indebtedness	2	\$ 2,976	\$ -
Accounts payable and accrued liabilities		5,220	2,919
Deferred revenue	3	-	26,191
		8,196	29,110
NET ASSETS (DEFICIT)			
Unrestricted		37,922	(2,365)
		\$ 46,118	\$ 26,745

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2017

	2017		2016	
BALANCE (DEFICIT), beginning of year	\$	(2,365)	\$	(2,635)
Excess of revenue over expenses		40,287		270
BALANCE (DEFICIT), end of year	\$	37,922	\$	(2,365)

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF OPERATIONS

For the year ended December 31, 2017

	2017	2016
REVENUE		
Grants	\$ 140,217	\$ 95,517
Contracts	58,000	57,813
Fundraising and donations	55,530	8,448
	<u>253,747</u>	<u>161,778</u>
OPERATING EXPENSES		
Project implementation (Schedule)	201,325	144,769
Administrative and general	10,567	8,943
Fundraising	1,568	-
Grants and contributions	-	7,796
	<u>213,460</u>	<u>161,508</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 40,287	\$ 270

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 40,287	\$ 270
Net change in non-cash working capital items:		
Accounts receivable	(26,164)	(4,938)
Prepaid expenses	(657)	-
Accounts payable and accrued liabilities	2,301	(1,938)
Deferred revenue	(26,191)	17,586
	<u>(10,424)</u>	<u>10,980</u>
FINANCING ACTIVITIES		
Repayment of amount due to director	-	(2,000)
Bank indebtedness	2,976	(1,532)
	<u>2,976</u>	<u>(3,532)</u>
(DECREASE) INCREASE IN CASH	(7,448)	7,448
CASH, beginning of year	7,448	-
CASH, end of year	\$ -	\$ 7,448

BIRD ECOLOGY AND CONSERVATION ONTARIO

SCHEDULES

December 31, 2017

	2017	2016
PROJECT IMPLEMENTATION		
Salaries and benefits	\$ 162,945	\$ 102,482
Travel	11,563	17,168
Subcontractors	10,625	8,466
Accommodation	9,988	9,118
Project supplies	3,127	7,504
Other	3,077	31
	\$ 201,325	\$ 144,769

BIRD ECOLOGY AND CONSERVATION ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

DESCRIPTION OF BUSINESS

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.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian generally accepted accounting principles applying accounting standards for not-for-profit organizations and include the following significant accounting policies:

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.

Contributed 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 the financial statements.

BIRD ECOLOGY AND CONSERVATION ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments

Measurement of 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 instruments include accounts receivable, bank indebtedness and accounts payable and accrued liabilities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

Use of estimates

The preparation of the Organization's financial statements in conformity 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the period they become known. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

Significant items subject to estimates include deferred revenue.

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

2 BANK INDEBTEDNESS

The Organization has a demand line of credit facility of \$20,000 and a credit card with a limit of \$5,000. The line of credit bears interest at the bank's base rate plus 1.55% (7.75%, 2016 - 7.25%). The bank's base rate equals bank prime rate plus 3.00%. The bank prime rate as at the statement of financial position date is 3.20% (2016 - 2.70%). The line of credit balance at December 31, 2017 is \$4,506 (2016 - \$5).

3 DEFERRED REVENUE

Funding of expenses for the next year:

	2017	2016
Balance beginning of year	\$ 26,191	\$ 8,605
Less amount recognized as revenue in year	(26,191)	(8,605)
Add amounts related to following year	-	26,191
	\$ -	\$ 26,191

4 FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk, except where noted below. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date.

Credit risk

The Organization is exposed to credit risk related to accounts receivable.

Interest rate risk

The Organization is exposed to interest rate risk on its variable interest rate bank indebtedness. The variable rate on bank indebtedness also exposes the Organization to cash flow risk.

5 COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.