

BIRD ECOLOGY AND CONSERVATION ONTARIO

Financial Statements
December 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of Bird Ecology and Conservation Ontario:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Bird Ecology and Conservation Ontario ("the Organization"), which comprise the statement of financial position as at December 31, 2019, 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 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 Organization as at December 31, 2019, 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.

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, 2019 and December 31, 2018, current assets as at December 31, 2019 and December 31, 2018 and net assets as at January 1 and December 31 for 2018 and 2019. Consequently we expressed a qualified audit opinion on the financial statements for the year ended December 31, 2019, because of the possible effect of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 qualified opinion.

INDEPENDENT AUDITORS' REPORT CONTINUED

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 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.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT CONTINUED

- 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 auditors' 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 auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
March 27, 2020

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF FINANCIAL POSITION December 31, 2019

	Note	2019	2018
ASSETS			
CURRENT			
Cash	2	\$ 75,148	\$ 6,775
Accounts receivable		1,278	40,859
Prepaid expenses		750	681
		\$ 77,176	\$ 48,315
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 4,196	\$ 5,518
Deferred revenue	3	44,372	8,763
		48,568	14,281
NET ASSETS			
Unrestricted		28,608	34,034
		\$ 77,176	\$ 48,315

See accompanying notes

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2019

	2019	2018
BALANCE, beginning of year	\$ 34,034	\$ 37,922
Excess of (expenses over revenue)	(5,426)	(3,888)
BALANCE, end of year	\$ 28,608	\$ 34,034

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF OPERATIONS

For the year ended December 31, 2019

	2019	2018
REVENUE		
Fundraising and donations	\$ 70,493	\$ 75,405
Grants	37,923	107,339
Contracts	1,084	4,000
	<u>109,500</u>	<u>186,744</u>
OPERATING EXPENSES		
Project implementation (Schedule)	\$ 104,420	\$ 170,635
Administrative and general	9,483	9,729
Fundraising	1,023	2,472
Grants and contributions	-	7,796
	<u>114,926</u>	<u>190,632</u>
EXCESS OF (EXPENSES OVER REVENUE)	\$ (5,426)	\$ (3,888)

See accompanying notes

BIRD ECOLOGY AND CONSERVATION ONTARIO

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of (expenses over revenue)	\$ (5,426)	\$ (3,888)
Net change in non-cash working capital items:		
Accounts receivable	39,581	4,602
Prepaid expenses	(69)	(24)
Accounts payable and accrued liabilities	(1,322)	298
Deferred revenue	35,609	8,763
	<u>68,373</u>	<u>9,751</u>
FINANCING ACTIVITIES		
Bank indebtedness	-	(2,976)
INCREASE IN CASH	68,373	6,775
CASH, beginning of year	6,775	-
CASH, end of year	\$ 75,148	\$ 6,775

See accompanying notes

BIRD ECOLOGY AND CONSERVATION ONTARIO

SCHEDULE
December 31, 2019

	2019	2018
PROJECT IMPLEMENTATION		
Salaries and benefits	\$ 94,642	\$ 154,363
Travel	5,453	5,508
Other	2,358	2,464
Accommodation	1,750	7,268
Project supplies	217	1,032
	\$ 104,420	\$ 170,635

See accompanying notes

BIRD ECOLOGY AND CONSERVATION ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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, 2019

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 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 net income. 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.

2 CASH (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% (8.50%, 2018 - 8.50%). 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 3.95% (2018 - 3.95%). The line of credit balance at December 31, 2019 is \$nil (2018 - \$19,312).

BIRD ECOLOGY AND CONSERVATION ONTARIO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2019

3 DEFERRED REVENUE

Funding of expenses for the next year:

	2019	2018
Balance beginning of year	\$ 8,763	\$ -
Less amount recognized as revenue in year	(8,763)	-
Add amounts related to following year	44,372	8,763
	<u>\$ 44,372</u>	<u>\$ 8,763</u>

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 balance sheet date.

Credit risk

The Organization is exposed to credit risk related to accounts receivable. The extent of the Organization's exposure to the above risk did not change from the prior year.

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. The extent of the Organization's exposure to the above risk did not change from the prior year.