
FINANCIAL STATEMENTS

**BURNS BOG CONSERVATION
SOCIETY**

December 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
Burns Bog Conservation Society

Qualified Opinion

We have audited the financial statements of Burns Bog Conservation Society (the Society), which comprise the statement of financial position as at December 31, 2019, and the statement 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 the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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 not-for-profit organizations, the Society derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018 current assets as at December 31, 2019, and net assets as at January 1 and December 31 for the 2019 year. Our opinion was also qualified in this respect in the 2018 year-end.

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 Society 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



INDEPENDENT AUDITOR'S REPORT

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 Society'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 Society'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 Society 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.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
March 16, 2021

Chartered Professional Accountants



Burns Bog Conservation Society

STATEMENT OF FINANCIAL POSITION

As at December 31

	2019 \$	2018 \$
ASSETS		
Current		
Cash and cash equivalents [note 3]	228,507	150,117
Accounts receivable [note 4]	10,350	20,784
Inventory	1,100	1,100
Prepaid expenses	14,183	3,677
	254,140	175,678
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals [note 5]	20,316	21,848
Deferred revenue [note 6]	85,083	71,745
	105,399	93,593
NET ASSETS		
Internally restricted [note 8]	29,780	12,007
Unrestricted	118,961	70,078
	148,741	82,085
	254,140	175,678

Commitments [note 9]

Subsequent events [note 11]

See accompanying notes to the financial statements

On behalf of the Board:

Sharon E. MacKer
Director

Edward Brown
Director



STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Internally Restricted \$	Un- restricted \$	Total \$
2019	<i>[note 8]</i>		
Balance, beginning of year	12,007	70,078	82,085
Revenue over expenses for the year	(5,750)	72,406	66,656
Transfer to internally restricted	23,523	(23,523)	—
Balance, end of year	29,780	118,961	148,741
2018			
Balance, beginning of year	12,152	59,032	71,184
Revenue over expenses for the year	—	10,901	10,901
Transfer from internally restricted	(145)	145	—
Balance, end of year	12,007	70,078	82,085

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2019 \$	2018 \$
REVENUE		
Donations	233,660	240,482
Grants [note 6]	127,816	135,234
Program fees	32,445	49,223
Miscellaneous sales	4,309	7,702
Membership fees	2,501	2,916
Interest	706	236
	401,437	435,793
EXPENSES		
Wages, benefits and contracts	139,879	176,350
Office	43,554	55,993
Professional fees	37,095	41,537
Rent and utilities	33,381	34,829
Communications and events	28,368	41,371
Supplies	12,718	10,003
Donation [note 10]	10,000	15,000
Insurance	8,664	7,136
Postage	6,197	19,989
Interest and bank charges	3,595	4,541
Travel	2,583	8,706
Telephone	2,522	3,635
Bad debt	1,630	—
Memberships	1,605	1,621
Repairs and maintenance	1,275	2,843
Business taxes and licenses	1,064	757
Meetings and conventions	651	581
	334,781	424,892
Revenue over expenses for the year	66,656	10,901

See accompanying notes to the financial statements



STATEMENT OF CASH FLOWS

Year ended December 31

	2019 \$	2018 \$
OPERATING ACTIVITIES		
Revenue over expenses for the year	66,656	10,901
Changes in other non-cash working capital items		
Accounts receivable	10,434	12,942
Prepaid expenses	(10,506)	(150)
Accounts payable and accruals	(1,532)	1,813
Deferred revenue	13,338	10,493
Cash provided by operating activities	78,390	35,999
Increase in cash for the year	78,390	35,999
Cash and cash equivalents, beginning of year	150,117	114,118
Cash and cash equivalents, end of year	228,507	150,117

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. NATURE OF OPERATIONS

Burns Bog Conservation Society (the "Society") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. The Society is a registered charity and is exempt from the payment of income taxes under the Income Tax Act.

The Society operates programs aimed at helping to ensure the ecological integrity of the Burns Bog ecosystem for the long-term enjoyment of the public and for future generations.

The Society carries out educational programs and provides facilities to enhance public enjoyment and appreciation of the unique peat bog ecosystem of Burns Bog.

The Society operates exclusively for charitable purposes within Canada. The Society solicits, collects, receives, acquires, hold and invests money and property, both real and personal, unto cash, and uses funds of the Society and the proceeds, income, rents, issues, and profits derived from any property of the Society, in furtherance of the specific purposes set forth above.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital assets, and deferred grants. Actual results could differ from these estimates.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions (grants and donations) are recognized as revenue in the year in which the related expenditures 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.

Membership fees are recognized as revenue in the period the membership relates to.

Revenue from all other sources is recognized when the respective service or goods are provided, amount of revenue is measurable, and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Gaming

Proceeds received from direct access gaming funding are recorded as revenue in the year the related expenditures are incurred.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society 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 accounts payable and accruals.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 net income.

Cash and cash equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end. Equivalents consists of highly liquid terms deposits.

Inventory

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

Donated Services

The Society and its members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of donated services is not recognized in these financial statements.

3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Operating bank accounts	64,526	37,540
Restricted funds	53,204	20,412
BC Gaming bank account [note 7]	60,777	57,105
Term deposits (short-term, interest rates 1.80%)	50,000	35,060
	228,507	150,117

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

3. CASH AND CASH EQUIVALENTS (CONT'D)

The Society has available a line of credit of \$10,000 at prime plus 2%. No amount was drawn on this credit facility at December 31, 2019.

4. ACCOUNTS RECEIVABLE

	2019	2018
	\$	\$
Trade	9,221	19,026
GST receivable	1,129	1,758
Allowance for doubtful accounts	—	—
	10,350	20,784

5. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
	\$	\$
Trade and other accruals	11,541	14,611
Wages and vacation time	3,741	3,204
Deposits	3,039	2,200
Government remittances - WorkSafeBC	157	172
- PST	25	14
- Payroll taxes	1,813	1,647
	20,316	21,848

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

6. DEFERRED REVENUE

	Deferred Beginning of Year \$	Grants Received \$	Grants Earned \$	Deferred End of Year \$
2019				
Grants				
BC Gaming <i>[note 3]</i>	56,845	62,500	58,859	60,486
HRDC - Canada Summer students	—	34,223	34,223	—
Environmental Careers Organization of TD	—	10,593	10,593	—
MEC	6,329	9,000	9,000	—
Habitat Conservation Trust Foundation	—	—	5,469	860
Envision	—	2,500	2,500	—
Pacific Salmon Foundation	2,546	—	2,439	107
Lehigh Hanson Materials	—	1,903	1,903	—
BC Hydro	—	1,500	1,500	—
Raffle	—	1,000	1,000	—
Patagonia	—	330	330	—
Sitka Foundation	—	7,605	—	7,605
Telus	—	10,000	—	10,000
Telus	6,025	—	—	6,025
Total	71,745	141,154	127,816	85,083
2018				
Grants				
BC Gaming grant	38,331	65,000	46,486	56,845
Canada Summer students	—	32,627	32,627	—
Environmental Careers Organization of Job Creation Partnership	—	28,453	28,453	—
TD	—	9,745	9,745	—
UN Green Space	8,400	—	8,400	—
MEC	—	4,392	4,392	—
Envision	8,496	—	2,167	6,329
Raffle	—	4,250	1,704	2,546
Telus	—	1,260	1,260	—
Telus	6,025	—	—	6,025
Total	61,252	145,727	135,234	71,745

7. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

7. FINANCIAL INSTRUMENTS (CONT'D)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is exposed to credit risk with respect to its cash and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive. The Society's cash is held with a large financial institution.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

There has been no change in the Society's risk exposure in the above noted risks since the previous year.

8. INTERNALLY RESTRICTED NET ASSETS

The board of directors have restricted the following amounts:

	2019	2018
	\$	\$
Audit Reserve	250	—
Legal Fund	6,460	6,460
Education Fund	2,515	2,515
Publications Fund	3,032	3,032
Riparian Project Reserve	17,523	—
	29,780	12,007

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

9. COMMITMENTS

The Society is committed to premise lease of \$2,205 per month until February 2020 and \$2,625 per month until February 2022. The Society is also committed to copier lease payments of \$419 per month until September 2024 and to photocopier lease payments of \$207 per month until March 2024 for total annual commitments of:

	\$
2020	38,170
2021	39,010
2022	12,760
2023	7,510
2024	4,391
	<u>101,841</u>

10. DONATION

The Society made a donation of \$10,000 [2018: \$15,000] to the Burns Bog Conservation Foundation in the 2019 year-end which the Society does not control or influence. The Foundation is a separately incorporated registered charity with a distinct set of directors.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

11. SUBSEQUENT EVENT

The Society has temporarily closed its offices due to the COVID-19 virus, in compliance with Government directives. Staff continue to work, mostly at home, with individual trips to the office to access information needed. Normal operations are continuing as much as possible. School and Public Tours were cancelled and either re-scheduled or refunded due to the closure of schools and The Delta Nature Reserve (where the tours take place.) The Society is monitoring government programs to determine what support is available as well as when or if it can carry on some of its activities scheduled for later in the year. The Annual General Meeting has been postponed and the Society is looking at how or when it can be rescheduled.

Subsequent to the year-end, a dispute amongst Board members regarding governance of the Society, escalated to a legal battle. The Society Registry was amended via unconstitutional means, and was then frozen. The Society mail was held and its bank accounts frozen for three months. This caused a significant delay in receiving general operating funds and the inability to pay the Society's ongoing expenses. A major impact was the loss of the annual gaming grant which was denied due to the Society Registry being frozen. Grant applications which would normally have been submitted were not, due to the uncertainty of the Society's future.

A court hearing was held in December 2020. The court decision was released on February 2, 2021 and determined that the Society's full Board of Directors should be reinstated and all accounts unfrozen. The main operating account was unfrozen in late December and the mail released. The Gaming account and the Restricted Funds account were unfrozen in February 2021.

The subsequent financial impacts are not determinable as of the date of this report.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.