

FINANCIAL STATEMENTS

**BURNS BOG CONSERVATION
SOCIETY**

December 31, 2020



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, 2020, 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, 2020, 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, 2020 and 2019 current assets as at December 31, 2020, and net assets as at January 1 and December 31 for the 2020 year. Our opinion was also qualified in this respect in the 2019 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, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Tompkins Wozny LLP

Vancouver, Canada
June 10, 2021

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
ASSETS		
Current		
Cash and cash equivalents <i>[note 3]</i>	269,874	228,507
Accounts receivable <i>[note 4]</i>	24,550	10,350
Inventory	1,100	1,100
Prepaid expenses	7,808	14,183
	303,332	254,140
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accruals <i>[note 5]</i>	171,457	20,316
Deferred revenue <i>[note 6]</i>	64,748	85,083
	236,205	105,399
NET ASSETS		
Internally restricted <i>[note 8]</i>	29,780	29,780
Unrestricted	37,347	118,961
	67,127	148,741
	303,332	254,140

Commitments *[note 9]*

COVID-19 *[note 11]*

Subsequent events *[note 12]*

See accompanying notes to the financial statements

On behalf of the Board:

Derek Zeisman

Director

Edward Brown

Director

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31

	Internally Restricted \$	Un- restricted \$	Total \$
2020	<i>[note 8]</i>		
Balance, beginning of year	29,780	118,961	148,741
Revenue under expenses for the year	—	(81,614)	(81,614)
Balance, end of year	29,780	37,347	67,127
2019			
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

See accompanying notes to the financial statements

STATEMENT OF OPERATIONS

Year ended December 31

	2020	2019
	\$	\$
REVENUE		
Grants <i>[note 6]</i>	125,408	127,816
Donations - other	108,726	116,137
- bequests	73,771	117,523
Program fees	17,709	32,445
Membership fees	2,936	2,501
Miscellaneous sales	2,183	4,309
Interest	952	706
	331,685	401,437
EXPENSES		
Wages, benefits and contracts	167,870	139,879
Professional fees	138,714	37,095
Rent and utilities	36,017	33,381
Office	23,838	43,554
Insurance	11,517	8,664
Supplies	9,646	12,718
Communications and events	8,593	28,368
Postage	6,407	6,197
Interest and bank charges	3,588	3,595
Repairs and maintenance	1,969	1,275
Telephone	1,677	2,522
Business taxes and licenses	1,378	1,064
Bad debt <i>[note 12]</i>	894	1,630
Memberships	714	1,605
Travel	527	2,583
Meetings and conventions	—	651
Donation <i>[note 10]</i>	(50)	10,000
	413,299	334,781
Revenue over (under) expenses for the year	(81,614)	66,656

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended December 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over (under) expenses for the year	(81,614)	66,656
Changes in other non-cash working capital items		
Accounts receivable	(14,200)	10,434
Prepaid expenses	6,375	(10,506)
Accounts payable and accruals	151,141	(1,532)
Deferred revenue	(20,335)	13,338
Cash provided by operating activities	41,367	78,390
Increase in cash for the year	41,367	78,390
Cash and cash equivalents, beginning of year	228,507	150,117
Cash and cash equivalents, end of year	269,874	228,507

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020

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.

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

	2020	2019
	\$	\$
Operating bank accounts	247,832	117,730
BC Gaming bank account <i>[note 7]</i>	22,042	60,777
Term deposits (short-term, interest rates 1.80%)	—	50,000
	269,874	228,507

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020.

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Trade	21,731	9,221
GST receivable	2,819	1,129
Allowance for doubtful accounts	—	—
	24,550	10,350

5. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Trade and other accruals	47,107	11,541
Wages and vacation time	4,823	3,741
Deposits	2,582	3,039
Legal fees re dispute	110,045	—
Government remittances - WorkSafeBC	180	157
- PST	6	25
- Payroll taxes	6,714	1,813
	171,457	20,316

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

6. DEFERRED REVENUE

	Deferred Beginning of Year \$	Grants Received \$	Grants Earned \$	Deferred End of Year \$
2020				
Grants				
BC Gaming <i>[note 3]</i>	60,486	—	38,735	21,751
HRDC - Canada Summer students	—	22,408	22,408	—
Environmental Careers Organization of Canada	—	10,449	10,449	—
TD	—	4,500	500	4,000
MEC	860	—	—	860
Habitat Conservation Trust Foundation	—	2,500	2,500	—
Envision	107	—	—	107
Pacific Salmon Foundation	—	2,400	—	2,400
Lehigh Hanson Materials	—	1,000	—	1,000
BC Hydro	—	2,000	—	2,000
Patagonia	7,605	—	—	7,605
Sitka Foundation	10,000	—	—	10,000
Telus	6,025	—	—	6,025
Government - wage subsidies <i>[note 11]</i>	—	46,816	46,816	—
The Edith Lando Charitable Foundation	—	4,000	4,000	—
Vancouver Fraser Port Authority	—	8,000	—	8,000
Walmart Canada	—	1,000	—	1,000
Total	85,083	105,073	125,408	64,748
2019				
Grants				
BC Gaming	56,845	62,500	58,859	60,486
HRDC - Canada Summer students	—	34,223	34,223	—
Environmental Careers Organization of Canada	—	10,593	10,593	—
TD	—	9,000	9,000	—
MEC	6,329	—	5,469	860
Habitat Conservation Trust Foundation	—	2,500	2,500	—
Envision	2,546	—	2,439	107
Pacific Salmon Foundation	—	1,903	1,903	—
Lehigh Hanson Materials	—	1,500	1,500	—
BC Hydro	—	1,000	1,000	—
Raffle	—	330	330	—
Patagonia	—	7,605	—	7,605
Sitka Foundation	—	10,000	—	10,000
Telus	6,025	—	—	6,025
Total	71,745	141,154	127,816	85,083

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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, 2020.

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:

	2020	2019
	\$	\$
Audit Reserve	250	250
Legal Fund	6,460	6,460
Education Fund	2,515	2,515
Publications Fund	3,032	3,032
Riparian Project Reserve	17,523	17,523
	29,780	29,780

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

9. COMMITMENTS

The Society is committed to premise lease of \$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:

	\$
2021	39,010
2022	12,760
2023	7,510
2024	4,391
	63,671

10. DONATION

The Society made a donation of \$10,000 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.

11. COVID-19

The Society is keeping its office closed to the public until the Provincial Health Authorities lift the restrictions. Staff are mostly working in the office, with safety protocols in place. School tours did not go ahead in 2020 but were opened in May 2021. Summer camps operated in 2020 and have been approved for 2021, with limited numbers. A Virtual Jog for the Bog was organized in 2020 but all other events were cancelled, including the annual Stepping into Nature Festival. The 2020 Annual General Meeting was held via zoom in April 2021.

During the year, the Society applied for and received wage subsidies in the amount of \$46,816 [2019 - \$Nil].

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

12. SUBSEQUENT EVENTS

A lawsuit was filed in 2020 by five directors of the Society (“the Majority Directors”) regarding a dispute with four other Board members (“the Minority Directors”). The Minority Directors had attempted to seize control of the Society by “voting” the Majority Directors off the Board in June 2020. Later, in September 2020, the Minority Directors took steps to illegally remove the names of the Majority Directors from the official Directors List maintained by the BC Societies Registry.

This matter was heard by the Supreme Court of British Columbia in December 2020. The decision of the Court was released on February 2, 2021. This decision restored the Board to its former composition as of June 2020, prior to the unlawful actions taken by the Minority Directors. The decision declared that all actions taken by those directors between June 2020 and February 2021 were invalid and of no legal force or effect. All actions taken by the Majority Directors were confirmed. The proper List of Directors was restored by the Societies Registry, and the Society’s bank accounts were unfrozen.

The Society held its 2020 Annual General Meeting on April 3, 2021, at which a new Board of Directors was elected by the Society’s membership. None of the directors involved in the legal dispute was re-elected, though one of the four was temporarily permitted to remain on the Board in the unelected role of “Past President” of the Society. Subsequent to the 2020 AGM, this director was expelled from the Board due to additional transgressions committed against the Society.

Bad debt

In 2020, a now-former member of the Board of Directors was billed by the Society for certain expenses which it incurred as a direct result of unauthorized actions taken by that director. This former director has refused to reimburse the Society for these expenses, totalling \$894.

Insurance

The former Minority Members of the Board of Directors applied for legal representation to defend themselves against the lawsuit that was filed against them in the fall of 2020 by the Majority Directors. Legal representation was granted to the Minority Directors through the Society’s Directors and Officers (D&O) liability insurance policy. No current costs have been incurred by the Society as a result of this past legal representation. Any potential future costs (such as increased insurance premiums) cannot be determined at this time.

13. COMPARATIVE FIGURES

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