



Financial Statements

Lakehead Conservation Foundation

December 31, 2018

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Independent Auditor's Report

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To the Directors of
Lakehead Conservation Foundation

Qualified Opinion

We have audited the financial statements of Lakehead Conservation Foundation (“the Foundation”), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in fund balance 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 our report, the accompanying financial statements present fairly, in all material respects, the financial position of Lakehead Conservation Foundation as at December 31, 2018, and its results of 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 Foundation derives revenue from donations and fundraising activities, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and December 31, 2017, current assets as at December 31, 2018 and December 31, 2017, and net assets as at January 1 and December 31, for both 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Foundation 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

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 Foundation'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 Foundation'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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
June 25, 2019

Chartered Professional Accountants
Licensed Public Accountants

Lakehead Conservation Foundation

Statement of Financial Position

As at December 31	2018	2017
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	5,996	6,469
Accounts receivable	10	7
Due from Lakehead Region Conservation Authority	232	498
Prepaid expense	1,095	-
	7,333	6,974
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accruals	1,241	1,504
Fund balance	6,092	5,470
	7,333	6,974

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

Lakehead Conservation Foundation

Statement of Operations and Changes in Fund Balance

Year ended December 31	2018	2017
	\$	\$
REVENUE		
Donations	4,320	5,139
Fundraising dinner	21,835	25,350
Memberships	90	140
Other	233	1,858
Wine Tasting Event	12,200	6,900
Wine Tasting Event - auction items	1,340	-
	40,018	39,387
EXPENDITURE		
Contribution to Lakehead Region Conservation Authority	18,000	20,000
Fundraising dinner	9,245	10,159
Marketing	949	949
Miscellaneous	600	716
Office	1,101	566
Professional fees	2,539	2,035
Telephone	378	480
Wine Tasting Event	6,584	3,256
	39,396	38,161
Excess of revenue over expenditure	622	1,226
Fund balance, beginning of year	5,470	4,244
	6,092	5,470

See accompanying notes to the financial statements.

Lakehead Conservation Foundation

Statement of Cash Flows

Year ended December 31	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditure	622	1,226
Add charges (deduct credits) to income not involving a current payment (receipt) of cash		
Change in accounts receivable	(3)	(6)
Change in due from Lakehead Region Conservation Authority	266	(1,025)
Change in prepaid expense	(1,095)	-
Change in accounts payable and accruals	(263)	254
Cash provided by (used in) operating activities	(473)	449
Increase (decrease) in cash and cash equivalents during year	(473)	449
Cash and cash equivalents, beginning of year	6,469	6,020
Cash and cash equivalents, end of year	5,996	6,469

See accompanying notes to the financial statements.

Lakehead Conservation Foundation

Notes to the Financial Statements

December 31, 2018

GENERAL

The Lakehead Conservation Foundation ("Foundation") was incorporated under the laws of Ontario on April 23, 1987 without share capital. Its principal activities include assisting the Lakehead Region Conservation Authority and promoting the practice of conservation.

The Foundation is a charitable foundation registered under the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

[a] Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions-in-kind are only recognized for equipment or materials when a fair market value can be determined.

[b] Pledges

Pledges to contribute funds to the Foundation are recorded in the year they are received.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and cash on hand.

[d] Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivable
- due from Lakehead Region Conservation Authority
- accounts payable and accruals

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

Lakehead Conservation Foundation

Notes to the Financial Statements

December 31, 2018

Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Foundation is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash and cash equivalents	Amortized cost (which approximates fair value)
Accounts receivable	Amortized cost
Due from Lakehead Region Conservation Authority	Amortized cost
Accounts payable and accruals	Amortized cost

Derecognition

The Foundation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations and fund balance.

2. FINANCIAL INSTRUMENTS

Fair value

Financial instruments of the Foundation consist mainly of cash and cash equivalents, accounts receivables, balance due from Lakehead Region Conservation Authority, and accounts payable and accruals. The carrying values of these financial instruments approximate their fair values due to relative short periods to maturity of the instruments.