
GEORGIAN BAY FOREVER

FINANCIAL STATEMENTS

DECEMBER 31, 2019

GEORGIAN BAY FOREVER

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of GEORGIAN BAY FOREVER

Qualified Opinion

I have audited the financial statements of GEORGIAN BAY FOREVER (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, the statement of revenue and expenditures for the year 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 Organization derives revenues from the general public in the form of revenue from events and general donations and grants, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to donations revenue, the excess of revenue over expenses, and cash flows from operations 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 beginning and the end of the years ended December 31, 2019 and December 31, 2018. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. my responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

(continued)

INDEPENDENT AUDITOR'S 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

(continued)

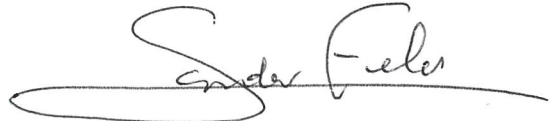
INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. my 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.

I 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 I identify during my audit.

Toronto, Ontario
April 20, 2020



CPA, CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT

GEORGIAN BAY FOREVER

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

ASSETS	AS AT DECEMBER 31, 2019	
	2019	2018
CURRENT		
Cash and cash equivalents	\$ 172,616	\$ 191,522
Contributions receivable (Note 2)	26,495	8,295
Short-term investment (Note 3)	219,536	217,000
Government rebates receivable	6,599	11,678
Prepaid expenses	3,086	3,225
Inventory	1,874	-
	<hr/> 430,206	<hr/> 431,720
TANGIBLE CAPITAL ASSETS (Note 4)	90,533	16,967
	<hr/> \$ 520,739	<hr/> \$ 448,687
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,048	\$ 19,994
Government remittances payable	6,900	5,803
Deferred contributions (Note 5)	37,599	-
	<hr/> 63,547	<hr/> 25,797
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	38,000	38,000
	<hr/> 101,547	<hr/> 63,797
NET ASSETS		
Unrestricted	414,192	379,890
Endowment (Note 7)	5,000	5,000
	<hr/> 419,192	<hr/> 384,890
TOTAL LIABILITIES AND NET ASSETS	<hr/> \$ 520,739	<hr/> \$ 448,687

APPROVED ON BEHALF OF THE BOARD:

 Director

April 20, 2020 Date

 Director

April 20, 2020 Date

GEORGIAN BAY FOREVER

STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
REVENUES		
Donations and grants	\$ 655,425	\$ 504,788
Interest and fundraising income	6,911	2,052
	662,336	506,840
EXPENDITURES		
Programs: (Note 8)		
Wetlands	166,600	162,545
Communications and education	105,992	111,454
Waterlevels	24,963	63,765
Water quality monitoring	149,264	38,511
	446,819	376,275
Operating:		
Fundraising	82,910	96,126
Legal, audit and accounting	52,317	44,368
Office and general administration	33,070	35,083
Insurance	5,711	5,556
Telephone	5,685	5,433
Meetings and teleconferencing	1,184	4,914
Bank service charges	338	652
	181,215	192,132
TOTAL EXPENDITURES	628,034	568,407
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES \$	34,302	\$ (61,567)

GEORGIAN BAY FOREVER

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019			2018
	Unrestricted	Endowments	Total	Total
NET ASSETS, BEGINNING OF YEAR	\$ 379,890	\$ 5,000	\$ 384,890	\$ 446,457
Excess (Deficiency) of revenues over expenditures	34,302	-	34,302	(61,567)
NET ASSETS, END OF YEAR	\$ 414,192	\$ 5,000	\$ 419,192	\$ 384,890

GEORGIAN BAY FOREVER

STATEMENT OF CASH FLOWS

DECEMBER 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (Deficiency) of revenues over expenditures	\$ 34,302	\$ (61,567)
Adjust for item not affecting cash:		
Amortization	4,486	2,589
	<u>38,788</u>	<u>(58,978)</u>
CHANGE IN WORKING CAPITAL:		
Decrease in short term investment	(2,536)	
Decrease (increase) in contribution receivables	(18,200)	17,451
Decrease (increase) in rebates receivable	5,079	(7,442)
Decrease (increase) in prepaid expenses	139	(9)
Decrease (increase) in inventory	(1,874)	-
Increase (decrease) in accounts payable and accrued liabilities	(947)	(9,463)
Decrease in government remittances payable	1,098	(45)
Increase in deferred contributions	37,599	-
	<u>59,146</u>	<u>(58,486)</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>59,146</u>	<u>(58,486)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(78,052)	-
	<u>(78,052)</u>	<u>-</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(78,052)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(18,906)</u>	<u>(58,486)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>191,522</u>	<u>250,008</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 172,616</u>	<u>\$ 191,522</u>

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

PURPOSE OF THE ORGANIZATION

The organization was incorporated under the Canada Corporation Act by Letters Patent dated July 13, 1995 as The GBA Foundation and the name was changed to Georgian Bay Forever by supplementary Letters Patent dated May 5, 2009.

The objective of the organization is to educate residents of the Georgian Bay Area and the public on issues of environmental protection, conservation, safety and preservation of the water and natural features in the Georgian Bay Area of Ontario by conducting conferences, workshops and seminars on these issues. Furthermore, the organization conducts research, in conjunction with qualified educational institutes and others, in water and land quality matters to add to the public knowledge and appreciation of these matters. Georgian Bay Forever is a charitable organization 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

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organization (*CPA Canada Handbook - Accounting Part III*) and included the following significant accounting policies:

a. Cash and cash equivalents

All cash and short-term investments with original maturities of three months or less are considered cash and cash equivalents, since they are readily convertible to cash.

b. 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 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.

Grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in the endowments balance.

c. Contributed services

Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d. Tangible Capital Assets

Purchased equipment is recorded at cost. Contributed equipment is recorded at fair value at the date of contribution.

Amortization is calculated on assets which were put into use during the year. Amortization is provided annually at rates calculated to write-off the equipment over their estimated useful lives as follows:

Boat	-- 15 years straight line
Computer	-- 4 years straight line
Office equipment	-- 4 years straight line

e. Financial instruments

The organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at amortized cost consist of cash, contributions receivable, short term investments and government rebates receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and government remittances payable.

f. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Estimates include useful life of tangible capital assets, deferred revenues and allocation of expenses. Actual results could differ from those estimates.

g. Inventory

Inventory is valued at the lower of cost and net realizable value. The inventory is used in the production of the services for volunteers contributing their time to the organization.

h. Expense Reallocation

The organization classifies expenses on the statement of operations by function. General support expenses are allocated using an estimate of staff time related to each area of activity and applying these bases consistently

i. Contributions Receivable

The policy of the organization is to recognize contributions pledged by year end, whether or not the funds have been received at that time.

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. CONTRIBUTIONS RECEIVABLE

Subsequent to year end, 100% of the contributions receivable have been collected.

3. SHORT-TERM INVESTMENT

Short term investments consist of Guaranteed Investment Certificates and accrued interest in the amount of \$219,356 (2018 - \$217,000), that mature and are redeemable in one year, The investments earn interest at 1.50% (2018 - 1.30%)

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2019	Net 2018
Boat	\$ 32,533	\$ (17,999)	\$ 14,534	\$ 16,703
Computer	9,198	(3,824)	5,374	264
Office equipment	1,950	(1,162)	788	-
AUV Equipment	69,837	-	69,837	-
	<u>\$ 113,518</u>	<u>\$ (22,985)</u>	<u>\$ 90,533</u>	<u>\$ 16,967</u>

During the year, the organization purchased AUV equipment which was not deployed until the following year. The company does not amortize assets until the point they are in use. As a result, the organization did not recognize any amortization during the year.

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent grant and donations subject to externally imposed restrictions requiring that funds be used for various water levels projects and ecosystem restoration projects.

	2019	2018
Balance, beginning of year	\$ -	\$ -
Contributions received	66,412	-
Deferred expenses	-	-
Amount recognized as revenue in the year	28,813	-
Balance, end of year	<u>\$ 37,599</u>	<u>\$ -</u>

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received and designated to be used for the purchase of capital assets. Deferred capital contributions are amortized on the same basis as the related capital assets. The organization purchased equipment during the year which will begin being amortized in the subsequent year. The deferred capital will be amortized at the same time.

	2019	
2018		
Balance, beginning of year	\$ 38,000	\$ 38,000
Addition to capital contributions	-	-
Amount recognized as revenue in the year	-	-
Balance, end of year	\$ 38,000	\$ 38,000

Deferred contributions related to capital assets

Deferred contributions related to capital assets of \$38,000 represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of such contributions is recorded as revenue in the statement of operations and changes in net assets.

7. ENDOWMENT

The endowment has been permanently restricted by the donor for use. The fund was established in the early years of becoming a charity with the intent to fund working capital in a going concern situation. The fund does not accumulate investment income.

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. EXPENSE REALLOCATION

Certain expenses have been allocated to the programs, as follows:

	2019	2018
Wages and benefits	\$ 415,145	\$ 342,264
Communications and education	-	3,525
Boat operating costs	2,169	2,169
	\$ 417,314	\$ 347,958

Allocated to:

	2019	2018
Wetlands	\$ 126,490	\$ 94,425
Water levels	21,741	61,299
Fundraising	63,918	55,836
Communications and education	50,003	54,635
Legal and accounting	39,324	31,417
Water quality monitoring	96,094	31,391
	397,570	329,003
General administration	19,744	18,955
	\$ 417,314	\$ 347,958

GEORGIAN BAY FOREVER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. FINANCIAL INSTRUMENTS

The organization is exposed to risks through its financial instruments. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the organization by failing to discharge an obligation. The organization has minimal concentrations of credit risk, in contributions receivable. There have been no material changes in credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk in respect to its short term GIC. There are no concentrations of this risk and no material changes from the prior year.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There are no concentrations of this risk and no material change from the prior year.

10. SUBSEQUENT EVENTS

In March, 2020, the COVID virus declared, is expected by management to affect the contributions from donors and government in the subsequent year. Government aid is expect for charitable organizations in the form of wage and other subsidies and expected for it's donor base. The financial impact to the Organization cannot be estimated at the date of the audit.

11. COMPARATIVE FIGURES

Certain of the comparative figures and notes to the financial statements may have been reclassified to conform with the current year's presentation. The reclassification has no effect on previously reported operation results and net assets.