

**Long Point Basin Land Trust**  
Financial Statements  
**December 31, 2022**

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# Long Point Basin Land Trust

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December 31, 2022

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Long Point Basin Land Trust:

### *Qualified Opinion*

We have audited the financial statements of Long Point Basin Land Trust (the Organization), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenues and expenditures, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

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 the Organization as at December 31, 2022, 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 charitable organizations, the Organization derives revenue from donations and sponsorships, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets, and net assets. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of 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 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 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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### **Millard, Rouse & Rosebrugh LLP**

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606  
SIMCOE PORT DOVER BRANTFORD HAGERSVILLE

Those charged with governance are responsible for overseeing the Organization'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 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 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.

*Millard, Rouse & Rosebrugh LLP*

**Millard, Rouse & Rosebrugh LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

April 27, 2023  
Simcoe, Ontario

**Long Point Basin Land Trust**  
**Statement of Financial Position**  
**As at December 31, 2022**

	Operating Fund 2022	Reserve Fund 2022	Acquisition Fund 2022	Stewardship Endowment Fund 2022	<b>Total 2022</b>	Total 2021
<b>ASSETS</b>						
<b>Current</b>						
Cash	\$ 148,052	\$ -	\$ 99,779	\$ -	\$ 247,831	\$ 235,398
Investments (Note 3)	50,000	50,000	1,927,526	957,933	2,985,459	2,402,595
Accounts receivable	26,904	-	50,000	-	76,904	149,465
HST recoverable	6,376	-	-	-	6,376	53,656
Prepaid expenses	-	-	-	-	-	3,988
	231,332	50,000	2,077,305	957,933	3,316,570	2,845,102
<b>Property (Net of accumulated amortization) (Note 4)</b>	502,430	-	4,665,152	-	5,167,582	4,653,607
	\$ 733,762	\$ 50,000	\$ 6,742,457	\$ 957,933	\$ 8,484,152	\$ 7,498,709
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current</b>						
Accounts payable	\$ 16,182	\$ -	\$ -	\$ -	\$ 16,182	\$ 12,351
Deferred revenue (Note 5)	56,503	-	-	-	56,503	92,872
	72,685	-	-	-	72,685	105,223
<b>NET ASSETS</b>						
Unrestricted	661,077	-	-	-	661,077	2,141,996
Restricted	-	50,000	6,742,457	957,933	7,750,390	5,251,490
	661,077	50,000	6,742,457	957,933	8,411,467	7,393,486
	\$ 733,762	\$ 50,000	\$ 6,742,457	\$ 957,933	\$ 8,484,152	\$ 7,498,709

See accompanying notes to financial statements

**Long Point Basin Land Trust**  
**Statement of Changes in Net Assets**  
**For the Year Ended December 31, 2022**

	Operating Fund 2022	Reserve Fund 2022	Acquisition Fund 2022	Stewardship Endowment Fund 2022	<b>Total 2022</b>	Total 2021
<b>Net assets - beginning of year</b>	\$ 2,141,996	\$ -	\$ 4,308,707	\$ 942,783	<b>\$ 7,393,486</b>	\$ 4,045,194
Excess of revenue over expenses	488,813	-	604,018	(74,850)	<b>1,017,981</b>	3,348,292
Transfer of funds (Note 6)	(1,969,732)	50,000	1,829,732	90,000	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 661,077</b>	<b>\$ 50,000</b>	<b>\$ 6,742,457</b>	<b>\$ 957,933</b>	<b>\$ 8,411,467</b>	<b>\$ 7,393,486</b>

See accompanying notes to financial statements

**Long Point Basin Land Trust**  
**Statement of Revenues and Expenditures**  
**For the Year Ended December 31, 2022**

	Operating Fund 2022	Reserve Fund 2022	Acquisition Fund 2022	Stewardship Endowment Fund 2022	Total 2022	Total 2021
<b>REVENUE</b>						
Conservation grants	\$ 420,799	\$ -	\$ 527,619	\$ -	\$ 948,418	\$ 653,760
Donations	43,867	-	76,416	-	120,283	243,357
Investment income (loss)	(115,020)	-	-	(63,981)	(179,001)	256,933
Business sponsors	7,977	-	8,077	-	16,054	436
Rent and royalties	60,913	-	-	-	60,913	2,541
Bequest donations	600,000	-	-	-	600,000	2,068,123
In-kind donations	-	-	34,747	-	34,747	459,129
Miscellaneous	915	-	-	-	915	3,130
	1,019,451	-	646,859	(63,981)	1,602,329	3,687,409
<b>Expenses</b>						
Advertising and promotion	10,737	-	22	-	10,759	2,365
Amortization	17,601	-	-	-	17,601	3,490
Insurance	3,737	-	37	-	3,774	3,532
Interest and bank charges	360	-	9	-	369	346
Management fees on investments	10,594	-	-	10,869	21,463	7,474
Memberships	6,803	-	-	-	6,803	5,179
Office	4,697	-	-	-	4,697	9,449
Professional fees	10,599	-	2,982	-	13,581	8,343
Property taxes	6,630	-	-	-	6,630	7,874
Repairs and maintenance	7,837	-	-	-	7,837	2,912
Salaries, benefits, and contractors - land acquisition and restoration	311,500	-	39,670	-	351,170	181,891
Salaries, benefits and contractors - outreach and development	90,799	-	-	-	90,799	-
Salaries, benefits and contractors - administration	21,223	-	-	-	21,223	83,773
Field supplies and signage	9,997	-	-	-	9,997	17,869
Training	4,671	-	-	-	4,671	332
Travel	9,745	-	121	-	9,866	3,214
Utilities	3,108	-	-	-	3,108	1,074
	530,638	-	42,841	10,869	584,348	339,117
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 488,813</b>	<b>\$ -</b>	<b>\$ 604,018</b>	<b>\$ (74,850)</b>	<b>\$ 1,017,981</b>	<b>\$ 3,348,292</b>

See accompanying notes to financial statements

**Long Point Basin Land Trust**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**

	Total 2022	Total 2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 1,017,981	\$ 3,348,292
Item not affecting cash:		
Amortization of property	17,601	3,490
	<b>1,035,582</b>	<b>3,351,782</b>
Changes in non-cash working capital:		
Accounts receivable	72,561	(128,113)
Accounts payable	3,830	3,117
Deferred revenue	(36,369)	43,211
Prepaid expenses	3,988	(3,988)
Harmonized sales tax recoverable	47,280	(52,070)
	<b>91,290</b>	<b>(137,843)</b>
Cash flow from operating activities	<b>1,126,872</b>	<b>3,213,939</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property	(531,587)	(1,395,550)
Purchase of marketable securities	(582,852)	(1,722,784)
Cash flow used by investing activities	<b>(1,114,439)</b>	<b>(3,118,334)</b>
<b>INCREASE IN CASH FLOW</b>	<b>12,433</b>	<b>95,605</b>
Cash - beginning of year	<b>235,398</b>	<b>139,793</b>
<b>CASH - END OF YEAR</b>	<b>\$ 247,831</b>	<b>\$ 235,398</b>

See accompanying notes to financial statements



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# Long Point Basin Land Trust

## Notes to Financial Statements

Year ended December 31, 2022

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### 1. PURPOSE OF THE ORGANIZATION

The Organization is a not-for-profit organization and is registered as a charitable organization as defined by the Income Tax Act of Canada. The purpose of the Organization is to preserve habitats through land ownership and land management services.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Revenue recognition

Long Point Basin Land Trust follows the restricted fund method of accounting for contributions.

Restricted contributions for which there is a corresponding restricted fund are recognized as revenue of that fund when received or receivable. Restricted contributions for which there is no corresponding restricted fund are recognized in the Operating Fund in accordance with the deferral method. Revenue is recognized in the Operating Fund when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Donations and business sponsorships are recognized as revenue in the year which related donation has been received or receivable.

Government and conservation grants are recorded when there is a reasonable assurance that the Organization had complied with and will continue to comply with all necessary conditions to obtain the grants.

Investments from securities traded actively in an open market are carried at fair market value and therefore unrealized gains and losses are recorded in the income statement.

Rental and royalties, sales of products, and other revenue are recognized when the service is performed or product is provided.

#### Expenses

Expenses are reported on the accrual basis of accounting, which records the cost of goods and services acquired in the period, whether or not payment has been made for the invoices received.

#### Fund accounting

The Operating Fund reports the Organization's program delivery and administrative activities as well as ongoing expenses incurred through ownership and custodianship of the properties.

The Reserve Fund represents internally restricted funds to be held for maintenance of the building at 1039 Bay Street.

The Acquisition Fund is a restricted fund to report the purchase of properties and costs incurred in the securement of these properties.

The Stewardship Endowment Fund represents the capital that is to be held in perpetuity and the investment income is reported in the Stewardship Endowment Fund.

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# Long Point Basin Land Trust

## Notes to Financial Statements

Year ended December 31, 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Building and improvements	4% declining balance method
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#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual amounts could differ from these estimates. Key components of the financial statements requiring management to make estimates include allowance for doubtful debts, accrued expenses, the useful lives of capital assets, and deferred revenue.

### 3. INVESTMENTS

	2022
Operating Fund	\$ 50,000
Reserve Fund	50,000
<u>Acquisition Fund</u>	
Donor-restricted funds for new acquisitions	80,000
Board designated funds for new acquisitions	1,500,000
Future opportunities	347,526
	<u>1,927,526</u>
Stewardship Endowment Fund	957,933
<b>TOTAL</b>	<b>\$ 2,985,459</b>

# Long Point Basin Land Trust

## Notes to Financial Statements

Year ended December 31, 2022

### 4. PROPERTY

#### Acquisition Fund

	Land cost	Purchase costs	2022 Net book value	2021 Net book value
Jackson-Gunn Old Growth Forest	\$ 214,800	\$ 25,449	\$ 240,249	\$ 240,249
Arthur Langford Nature Reserve	335,000	14,623	349,623	349,623
Shirley and George Pond Nature Reserve	430,000	29,101	459,101	459,101
Delhi Wetland Nature Reserve	24,000	-	24,000	24,000
Strongman-Guiler Conservation Legacy	490,000	5,916	495,916	495,916
Marshall Malcolm Wetland	26,500	-	26,500	26,500
Al (Pic) and Pat Robinson Nature Reserve	70,000	5,050	75,050	75,050
Ken McMullen & Joan Shirlow Spring Arbour Farm Nature Reserve	397,000	25,518	422,518	422,518
Stead Family Scientific Reserve	355,000	1,640	356,640	356,640
Trout Creek Nature Reserve	800,000	11,949	811,949	811,949
Harlow Dune Nature Reserve	428,000	9,134	437,134	437,134
Hammond Hemlock Slough Reserve	430,000	4,894	434,894	434,894
Stackhouse Forest Sanctuary	500,000	31,578	531,578	-
	\$ 4,500,300	\$ 164,852	\$ 4,665,152	\$ 4,133,574

#### Operating Fund

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Building - 1039 Bay Street	\$ 443,522	\$ 21,092	\$ 422,430	\$ 440,032
Land - 1039 Bay Street	80,000	-	80,000	80,000
	\$ 523,522	\$ 21,092	\$ 502,430	\$ 520,032

### 5. DEFERRED REVENUE

	2022	2021
Beginning balance	\$ 92,872	\$ 49,661
Funding received	912,049	300,565
Funding used	(948,418)	(257,354)
	\$ 56,503	\$ 92,872

The majority of the deferred revenue relates to the biodiversity projects as the funding agreements overlap the Organization's year end.

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# Long Point Basin Land Trust

## Notes to Financial Statements

Year ended December 31, 2022

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### 6. TRANSFER OF FUNDS

The \$50,000 in the Reserve Fund represents internally restricted funds transferred during the year which are to be held for the maintenance of the building at 1039 Bay Street.

During the year, \$10,000 was transferred from the Stewardship Endowment Fund to the Operating Fund for property stewardship needs. \$100,000 was transferred from the Operating Fund to the Stewardship Endowment Fund representing 20% of the land cost of the Stackhouse Forest Sanctuary. Therefore, a net \$90,000 was transferred to the Stewardship Endowment Fund.

The remaining transfers represent the transfer of funds to the Acquisition Fund (\$1,829,732) for new acquisitions and future opportunities.

### 7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2022.

#### **(a) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its supporters and accounts payable.

#### **(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk, and other price risk. The Organization is mainly exposed to interest rate risk.

#### **(c) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its investments.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.