

**The Bruce Trail Conservancy**

**Financial Statements**

**June 30, 2021**



August 26, 2021

## Independent Auditor's Report

To the Directors of The Bruce Trail Conservancy

### **Qualified Opinion**

We have audited the financial statements of The Bruce Trail Conservancy (the "Conservancy"), which comprise the statement of financial position as at June 30, 2021, and the statements of changes in fund balances, operations 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 matters described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of The Bruce Trail Conservancy as at June 30, 2021, 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 Bruce Trail Conservancy derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Bruce Trail Conservancy and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses for the year reported in the statement of operations, and current assets and fund balances in the statement of financial position.

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

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



## Independent Auditor's Report, continued

### *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 Conservancy'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 Conservancy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Conservancy 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.

*Pettinelli Martiolini LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

**Hamilton, Ontario**

# The Bruce Trail Conservancy

## Statement of Financial Position


June 30, 2021, with comparative information for 2020

	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Total June 30	
					2021	2020
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 568,781	\$ 2,211,861	\$ 4,215	\$ 138,651	\$ 2,923,508	\$ 857,549
Accounts receivable	2,738	15,590	-	-	18,328	12,264
Merchandise inventory	29,940	-	-	-	29,940	76,704
Prepaid expenses and deposits	113,029	3,589	-	-	116,618	150,012
Restricted short-term investment (Note 8)	-	-	-	-	-	1,400,000
Land held for sale	-	1,912,075	-	-	1,912,075	769,474
	<u>714,488</u>	<u>4,143,115</u>	<u>4,215</u>	<u>138,651</u>	<u>5,000,469</u>	<u>3,266,003</u>
Restricted cash and investments (Note 2)	-	593,151	-	325,888	919,039	687,245
Investments (Note 2)	-	-	1,111,593	2,818,433	3,930,026	2,575,911
Cash and investments held for endowment (Note 2 and 10)	-	-	-	83,863	83,863	49,610
Cash surrender value of life insurance (Note 3)	-	-	-	-	-	131,595
Capital assets (Note 4)	117,926	35,133,219	-	-	35,251,145	26,516,487
	<u>\$ 832,414</u>	<u>\$ 39,869,485</u>	<u>\$ 1,115,808</u>	<u>\$ 3,366,835</u>	<u>\$ 45,184,542</u>	<u>\$ 33,226,851</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (Note 5)	\$ 235,865	\$ 140,749	\$ -	\$ -	\$ 376,614	\$ 293,252
Deferred contributions and grants (Note 6)	-	25,000	-	-	25,000	58,375
Deferred membership revenue (Note 7)	125,948	-	-	-	125,948	96,069
Due to Parks Canada Agency (Note 8)	-	-	-	-	-	1,400,000
Loans payable (Note 9)	-	-	-	-	-	858,188
	<u>361,813</u>	<u>165,749</u>	<u>-</u>	<u>-</u>	<u>527,562</u>	<u>2,705,884</u>
Deferred membership revenue (Note 7)	253,777	-	-	-	253,777	196,622
	<u>615,590</u>	<u>165,749</u>	<u>-</u>	<u>-</u>	<u>781,339</u>	<u>2,902,506</u>
<b>Fund Balances</b>						
Unrestricted	98,898	3,977,366	-	-	4,076,264	202,740
Internally restricted	-	-	1,115,808	2,965,947	4,081,755	2,867,873
Externally restricted (Notes 2 and 10)	-	593,151	-	325,888	919,039	687,245
Endowments (Notes 2 and 10)	-	-	-	75,000	75,000	50,000
Invested in capital assets	117,926	35,133,219	-	-	35,251,145	26,516,487
	<u>216,824</u>	<u>39,703,736</u>	<u>1,115,808</u>	<u>3,366,835</u>	<u>44,403,203</u>	<u>30,324,345</u>
	<u>\$ 832,414</u>	<u>\$ 39,869,485</u>	<u>\$ 1,115,808</u>	<u>\$ 3,366,835</u>	<u>\$ 45,184,542</u>	<u>\$ 33,226,851</u>
Commitments (Note 11)						
Contingencies (Note 12)						

See accompanying notes to financial statements.

### Approved by the Board:

  
Leah Myers, Board Chair

  
Stephanie Bird, Chair of Finance & Risk

## The Bruce Trail Conservancy

### Statement of Changes in Fund Balances

Year ended June 30, 2021, with comparative information for 2020

	<u>Capacity Fund</u>	<u>Conservation Fund</u>	<u>Contingency Reserve Fund</u>	<u>Land Stewardship Reserve Fund</u>	<u>Total Year ended June 30</u>	
					<u>2021</u>	<u>2020</u>
Fund balance, beginning of year	\$ 145,908	\$ 27,080,879	\$ 1,006,727	\$ 2,090,831	\$ 30,324,345	\$ 23,800,593
Excess of revenues over expenses for the year	70,916	2,457,058	109,081	467,104	3,104,159	1,505,540
Donations and grants restricted for the purchase of land and easements (Note 10)	-	9,487,699	-	-	9,487,699	4,894,928
Donations of land and easements (Note 10)	-	1,462,000	-	-	1,462,000	98,284
Endowment contributions (Note 10)	-	-	-	25,000	25,000	25,000
Interfund transfers (Note 13)	-	(783,900)	-	783,900	-	-
Fund balance, end of year	<u>\$ 216,824</u>	<u>\$ 39,703,736</u>	<u>\$ 1,115,808</u>	<u>\$ 3,366,835</u>	<u>\$ 44,403,203</u>	<u>\$ 30,324,345</u>

See accompanying notes to financial statements.

## The Bruce Trail Conservancy

### Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Total Year ended June 30	
					2021	2020
<b>Revenues</b>						
Donations of cash and securities (Note 10)	\$ 54,091	\$ 2,973,017	\$ -	\$ -	\$ 3,027,108	\$ 2,489,911
Interest and realized investment income	526	305,605	139,434	246,893	692,458	252,858
Bruce Trail Enterprises	487,058	-	-	-	487,058	158,106
Membership dues - Conservancy's portion	443,950	-	-	-	443,950	333,867
Membership dues - Clubs' portion	141,904	-	-	-	141,904	108,035
Sponsorships	-	75,000	-	-	75,000	29,000
Grants	58,375	14,885	-	-	73,260	35,024
Rental income	-	43,460	-	-	43,460	44,890
Miscellaneous income	46	2,615	-	-	2,661	3,538
Donations towards land securement	-	-	-	-	-	1,211,333
	<u>1,185,950</u>	<u>3,414,582</u>	<u>139,434</u>	<u>246,893</u>	<u>4,986,859</u>	<u>4,666,562</u>
<b>Expenses (Note 14)</b>						
Fundraising	-	551,575	-	-	551,575	548,438
Administrative salaries and benefits	347,340	-	-	-	347,340	340,274
Land stewardship	-	323,883	-	-	323,883	273,429
Bruce Trail Enterprises	289,213	-	-	-	289,213	115,739
Communications and engagement	-	270,167	-	-	270,167	169,828
Land securement	-	250,981	-	-	250,981	320,846
Member and public outreach	-	147,964	-	-	147,964	189,881
Clubs' share of membership dues	141,904	-	-	-	141,904	108,035
Bruce Trail Magazine	-	117,526	-	-	117,526	95,786
Computer and internet	71,549	41,151	-	-	112,700	118,611
Rent, utilities and maintenance	71,091	40,887	-	-	111,978	108,766
Committee and meeting expenses	-	103,386	-	-	103,386	144,794
Trail development and maintenance	-	100,660	-	-	100,660	65,775
Insurance	55,121	31,702	-	-	86,823	60,582
Land management and property taxes	-	83,812	-	-	83,812	80,047
Volunteer management	-	66,459	-	-	66,459	97,704
Bank and service charges	39,626	22,787	-	-	62,413	36,331
Amortization	26,254	26,444	-	-	52,698	58,274
Annual general meeting	-	34,261	-	-	34,261	27,155
Miscellaneous	20,335	13,264	-	-	33,599	23,806
Donations forwarded to clubs	27,283	-	-	-	27,283	53,649
Professional fees	15,676	9,016	-	-	24,692	26,861
Landowner relations	-	19,951	-	-	19,951	11,396
Office and general	11,422	6,569	-	-	17,991	18,663
Investment management fees	-	-	5,980	11,018	16,998	22,664
Staff expenses and travel	9,260	5,326	-	-	14,586	26,340
Life insurance	14,346	-	-	-	14,346	11,832
Office equipment rental and maintenance	7,484	4,304	-	-	11,788	8,899
	<u>1,147,904</u>	<u>2,272,075</u>	<u>5,980</u>	<u>11,018</u>	<u>3,436,977</u>	<u>3,164,405</u>
<b>Excess of revenues over expenses from operations</b>	<u>38,046</u>	<u>1,142,507</u>	<u>133,454</u>	<u>235,875</u>	<u>1,549,882</u>	<u>1,502,157</u>
<b>Other income (expenses)</b>						
Government assistance (Note 15)	10,602	45,071	-	-	55,673	192,208
Increase in cash surrender value and gain on life insurance (Note 3)	-	168,405	-	-	168,405	17,389
Gain on sale of capital assets	-	1,088,268	-	-	1,088,268	-
Foreign currency exchange gain (loss)	22,268	12,807	-	-	35,075	(23,481)
Increase (decrease) in unrealized gains from investments	-	-	(24,373)	231,229	206,856	(182,733)
	<u>32,870</u>	<u>1,314,551</u>	<u>(24,373)</u>	<u>231,229</u>	<u>1,554,277</u>	<u>3,383</u>
<b>Excess of revenues over expenses for the year</b>	<u>\$ 70,916</u>	<u>\$ 2,457,058</u>	<u>\$ 109,081</u>	<u>\$ 467,104</u>	<u>\$ 3,104,159</u>	<u>\$ 1,505,540</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	Year ended June 30	
	2021	2020
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 3,104,159	\$ 1,505,540
Items not involving cash:		
Amortization	52,698	58,274
Increase in cash surrender value and gain on life insurance	(168,405)	(17,389)
(Increase) decrease in unrealized gains from investments	(206,856)	182,733
Gain on sale of capital assets	(1,088,268)	-
Recognition of deferred contributions and grants related to expenses of future periods	(58,375)	-
	<u>1,634,953</u>	<u>1,729,158</u>
Net change in non-cash working capital balances relating to operations:		
(Increase) decrease in accounts receivable	(6,064)	37,042
Decrease (increase) in merchandise inventory	46,764	(35,477)
Decrease (increase) in prepaid expenses and deposits	33,394	(7,333)
Increase (decrease) in accounts payable and accrued liabilities	83,362	(79,698)
Increase in deferred membership revenue	87,034	8,734
	<u>1,879,443</u>	<u>1,652,426</u>
<b>Financing activities</b>		
Contributions and grants received related to expenses of future periods	25,000	-
Repayment of loans payable	(858,188)	(40,984)
Donations restricted for the purchase of land and easements	9,487,699	4,894,928
Endowment contributions	25,000	25,000
	<u>8,679,511</u>	<u>4,878,944</u>
<b>Investing activities</b>		
Contribution to Parks Canada Agency	(1,400,000)	-
Redemption (purchase) of short-term investment	1,400,000	(1,400,000)
Proceeds on life insurance payout	300,000	-
Proceeds on sale of land assets	2,046,243	7,630
Purchase of land held for sale	(1,912,075)	(7,630)
Purchase of land and easements	(7,490,033)	(4,379,738)
Purchase of other capital assets	(23,824)	(14,083)
Purchase of investments, net	(1,207,715)	(514,652)
	<u>(8,287,404)</u>	<u>(6,308,473)</u>
Increase in cash and cash equivalents	2,271,550	222,897
Cash and cash equivalents, beginning of year	<u>1,464,609</u>	<u>1,241,712</u>
Cash and cash equivalents, end of year	<u>\$ 3,736,159</u>	<u>\$ 1,464,609</u>
<b>Cash and cash equivalents consists of:</b>		
Cash and cash equivalents	\$ 2,923,508	\$ 857,549
Restricted cash (Note 2)	787,651	582,060
Cash held for endowment (Note 2 and 10)	25,000	25,000
	<u>\$ 3,736,159</u>	<u>\$ 1,464,609</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### Nature of operations

The Bruce Trail Conservancy (the "Conservancy") is a charitable organization working to preserve a ribbon of wilderness, for everyone, forever, along the route of the Bruce Trail secured within a permanently protected natural corridor along the Niagara Escarpment.

The Conservancy was incorporated on March 13, 1963 under Ontario Letters Patent and is exempt from income tax as a registered charity under the Income Tax Act.

### 1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The significant accounting policies of the Conservancy are detailed as follows:

#### Cash and cash equivalents

Cash and cash equivalents are defined to include cash on hand and bank account balances with financial institutions, net of outstanding cheques and deposits. Cash and cash equivalents also include short-term deposits which are highly liquid with original maturities of less than three months.

#### Merchandise inventory

Merchandise inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average.

#### Investments

Investments are recorded at their fair value.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful lives of these assets and is computed using the following annual rates and methods:

Furniture, fixtures and equipment	20% Declining balance
Computer equipment and software	30% Declining balance
Fences	10 years Straight-line
Leasehold improvements	10 years Straight-line
Buildings	30 years Straight-line
Pedestrian bridge	40 years Straight-line



# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 1. Significant accounting policies, continued

#### Capital assets, continued

Land, easements and trademarks are not amortized. Expenditures for maintenance and repairs are charged to excess of revenues over expenses as incurred.

On occasion and as part of the Conservancy's strategic initiatives to acquire targeted land along the route of the Bruce Trail, certain parcels are acquired which will not be retained. When land is not expected to be retained it is presented as land held for sale when management commits to a plan to sell at a reasonable price and locate a buyer, it is available for sale immediately, the sale is likely to occur within one year and it is unlikely that there will be a significant change to the plan. Land held for sale is not amortized, is measured at the lower of its carrying amount or fair value less cost to sell and is presented as a current asset in the statement of financial position.

#### Revenue recognition

The Conservancy follows the deferral method of accounting for contributions.

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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related expenditures have not yet been made are recorded as deferred contributions. Contributions restricted for the purchase of depreciable capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Restricted contributions for the purchase of land and easements and donations of land and easements in-kind are reported as a direct increase in the corresponding fund's balance.

Endowment contributions are reported as a direct increase in the corresponding fund's balance in the year received. Investment income earned on endowments is reported in the statement of operations and is used in accordance with the purposes established by the donors.

#### Fund accounting

The Conservancy utilizes fund accounting and has established the following funds:

##### (i) Capacity Fund

The Capacity Fund is responsible for the administrative activities of the Conservancy. Revenue is generated from memberships sold, unrestricted donations, restricted donations designated to this fund by donors and the sale of merchandise by Bruce Trail Enterprises.

##### (ii) Conservation Fund

The Conservation Fund is an internally restricted fund responsible for the management and stewardship of properties along the Bruce Trail and also supports the acquisition of new properties. Land and properties owned by the Conservancy and the revenues and expenses related to program delivery are reported in the Conservation Fund.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 1. Significant accounting policies, continued

#### Fund accounting, continued

##### (iii) Contingency Reserve Fund

The Contingency Reserve Fund is an internally restricted fund to be used to cover the operations of the Conservancy in the event that there is an unforeseen circumstance that impacts its ability to generate cash flows for a period of time, or to support operating deficiencies and working capital requirements, at the discretion of the Board of Directors. Investment income earned by the fund is distributed annually as determined by the Board of Directors.

##### (iv) Land Stewardship Reserve Fund

The Land Stewardship Reserve Fund is an internally restricted fund to be used to fund future stewardship costs relating to the Conservancy's property holdings. Beginning in fiscal 2011, the Board of Directors approved a motion to adopt a policy to transfer approximately 10% (subject to variance based on review and final approval by the Board of Directors) of the cost of land acquired, or received as a donation, in any fiscal year from the Conservation Fund to the Land Stewardship Reserve Fund. Certain bequests and donations may also be allocated to this fund at the discretion of the Board of Directors.

#### Donated services

The work of the Conservancy is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Conservancy and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

#### Government assistance

Government assistance provided for non-capital expenses of the current period have been accounted for in the excess of revenues over expenses. Government assistance received related to expenses of future periods is initially deferred and subsequently recognized to the excess of revenues over expenses as eligible expenditures are incurred.

#### Employee retirement matching program

All permanent full-time employees of the Conservancy are eligible for the employee retirement matching program. Contributions made by the Conservancy on behalf of eligible and participating employees are included in the excess of revenues over expenses from operations when incurred.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 1. Significant accounting policies, continued

#### Financial instruments

##### (i) Measurement of financial instruments

The Conservancy initially measures its financial assets and liabilities at fair value. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred. The Conservancy has not elected to carry any such financial instruments at fair value.

##### (ii) Impairment

For financial assets measured at cost or amortized cost, the Conservancy determines whether there are indications of possible impairment. When there is an indication of impairment, and the Conservancy determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 the excess of revenues over expenses.

##### (iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenues over expenditures in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

#### Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses for the year. Due to the inherent uncertainty of making estimates, actual results could differ from those estimates.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 2. Restricted cash and investments

	2021		2020	
	Market	Cost	Market	Cost
Canadian Equity SRI Fund	\$ 1,510,711	\$ 1,334,338	\$ -	\$ -
Global Equity SRI Fund	1,497,973	1,420,507	-	-
Money Market Fund	601,934	603,730	148,287	148,625
Bond Fund	404,757	406,296	1,001,405	959,943
Total Return Bond Fund	104,902	103,191	-	-
Partner's Global Fund	-	-	1,161,948	910,952
Focus Canadian Equity Fund	-	-	394,066	506,122
	<u>\$ 4,120,277</u>	<u>\$ 3,868,062</u>	<u>\$ 2,705,706</u>	<u>\$ 2,525,642</u>

As at the year-end date, the Conservancy held cash of \$593,151 (2020 - \$507,560) from donations and grants restricted for the future purchase of land and easements.

The Conservancy has received grants in connection with the stewardship of specific properties. Pursuant to certain land stewardship agreements, \$325,888 (2020 - \$179,685) is required to be retained and is restricted for such purpose and has been reported as restricted cash and investments on the statement of financial position. As of the year-end date, \$194,500 was held as cash for future investment. Investment income earned on these funds must also be utilized for land stewardship purposes.

During the year, the Conservancy received an endowment contribution of \$25,000 as further described in Note 10. As of the year-end date, the full amount received during the year was held as cash for future investment.

### 3. Cash surrender value and gain on life insurance

During fiscal 2012, the Conservancy received a \$148,000 donation by way of premiums paid on a life insurance policy to which the Conservancy is the policyholder. During the year, the contributor of the life insurance policy passed away and \$300,000 in proceeds on life insurance was received on payout of the policy. As a result of the payout and increase in the cash surrender value of the policy during the year, \$168,405 (2020 - \$17,389) has been reported as other income in the Conservation Fund and no cash surrender value remains as at June 30, 2021.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 4. Capital assets

#### Capacity Fund

	Cost	Accumulated amortization	June 30	
			2021 Net book value	2020 Net book value
Computer equipment and software	\$ 164,369	\$ (127,550)	\$ 36,819	\$ 43,216
Leasehold improvements	72,651	(37,096)	35,555	43,150
Furniture, fixtures and equipment	81,000	(59,487)	21,513	26,086
Trademarks	24,039	-	24,039	16,116
	<u>\$ 342,059</u>	<u>\$ (224,133)</u>	<u>\$ 117,926</u>	<u>\$ 128,568</u>

Trademarks represent the costs associated with application and filing for certain trademarks used by the Conservancy. These trademarks represent an intangible asset to the Conservancy with an indefinite life and therefore no amortization has been taken.

#### Conservation Fund

	Cost	Accumulated amortization	June 30	
			2021 Net book value	2020 Net book value
Land and easements	\$ 34,638,654	\$ -	\$ 34,638,654	\$ 25,875,121
Pedestrian bridge	378,525	(127,752)	250,773	260,236
Buildings	436,308	(213,863)	222,445	237,304
Fence	25,335	(3,988)	21,347	15,258
	<u>\$ 35,478,822</u>	<u>\$ (345,603)</u>	<u>\$ 35,133,219</u>	<u>\$ 26,387,919</u>

As at June 30, 2021, the Conservancy owned 156 parcels (2020 - 148 parcels), including severed portions held for sale, totaling 7,696 acres (2020 - 6,700 acres).

### 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$95,171 (2020 - \$57,526), which includes amounts payable for sale taxes, payroll related taxes and WSIB premiums.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 6. Deferred contributions and grants

Deferred contributions and grants represent unspent externally restricted donations, grants and other contributions related to expenses of future periods. The change in the balance of deferred contributions and grants is as follows:

	June 30	
	2021	2020
Balance, beginning of year	\$ 58,375	\$ 58,375
Add: Contributions and grants received and deferred	25,000	-
Less: Contributions recognized as revenue	<u>(58,375)</u>	<u>-</u>
Balance, end of year	<u>\$ 25,000</u>	<u>\$ 58,375</u>

The deferred contributions and grants balance as at the year-end date represents an externally restricted contribution to be utilized towards ongoing efforts to recruit and mobilize private land owners and to share experiences in this regard with other land trusts. It is management's expectation that the deferred balance will be fully utilized and recognized in fiscal 2022.

### 7. Deferred membership revenue

The Conservancy offers three membership options. These options include a one year, a three year, or a life membership. One year memberships are recognized as revenue in the year in which they are issued. Three year memberships are recognized as revenue evenly over three years. With the purchase of a three year membership, members save \$10 on the total cost. The discount is recognized evenly over the three year membership period. The membership revenue attributable to the life memberships is recognized evenly over 20 years. Irrespective of the membership option selected, \$11 from each membership fee is paid annually to a Bruce Trail Conservancy club of the member's choosing. Deferred membership revenue is comprised of the following:

	June 30	
	2021	2020
Current:		
Three year memberships	\$ 109,037	\$ 81,015
Life memberships	<u>16,911</u>	<u>15,054</u>
	<u>125,948</u>	<u>96,069</u>
Long-term:		
Three year memberships	70,791	38,157
Life membership	<u>182,986</u>	<u>158,465</u>
	<u>253,777</u>	<u>196,622</u>
	<u>\$ 379,725</u>	<u>\$ 292,691</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

**Year ended June 30, 2021**

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### 7. Deferred membership revenue, continued

Included in deferred membership revenue at the year-end date were the following amounts which are eventually owing to the Bruce Trail Conservancy clubs:

	June 30	
	2021	2020
Three year memberships - current portion	\$ 27,753	\$ 20,460
Three year memberships - long-term portion	18,084	9,669
Life memberships - current portion	3,953	3,546
Life memberships - long-term portion	<u>42,180</u>	<u>40,163</u>
	<u>\$ 91,970</u>	<u>\$ 73,838</u>

### 8. Due to Parks Canada Agency

In fiscal 2019, the Conservancy entered into an agreement with Parks Canada Agency (Canadian Federal Government Agency) to contribute a total of \$1,900,000 in support of Parks Canada Agency's acquisition of the Driftwood Cove property for addition to the Bruce Peninsula National Park of Canada. As per the terms of the agreement, the Conservancy contributed \$500,000 during fiscal 2019. The remaining \$1,400,000 was contributed to Parks Canada Agency in the current fiscal year and settled with the restricted funds which were previously invested in a guaranteed investment certificate (GIC) and intended for this purpose. As at the year-end date, there was no further contribution commitment outstanding to Parks Canada Agency.

### 9. Loans payable

The Conservancy entered into three borrowing agreements in fiscal 2019 with members of its Board of Directors to support the cash flow requirements related to land acquisition and securement transactions, specifically those involving the acquisition, severance and subsequent sale of the severed non-trail related portion of the properties. As at the beginning of the current fiscal year, two agreements remained outstanding and amounted to \$800,000 in borrowed funds. The borrowed amounts attracted interest throughout the year at the bank's prime rate plus 1.00% per annum. Prior to the year-end date, the Conservancy repaid the borrowed amounts in full plus accrued interest payable of \$66,444. Interest expense in the amount of \$8,257 (2020 - \$34,949) has been charged to land securement of the Conservation Fund in the current fiscal year related to the borrowed amounts.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 10. Donations

During the year the Conservancy received donations, donations of land and easements in-kind, and endowment contributions totaling \$14,001,807 (2020 - \$8,719,456). The donations have been accounted for as restricted or unrestricted based upon the intentions of the donor.

(i) Restricted for the purchase of land and easements and land securement

Consistent with the Conservancy's ongoing operations and strategic objectives, donations restricted for the purchase of land and easements and donations of land and easements in-kind were received during the year. Donations restricted for the purchase of land and easements and donations of land and easements in-kind amounted to \$9,487,699 (2020 - \$4,894,928) and \$1,462,000 (2020 - \$98,284) respectively. In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, these restricted donations for the purchase of non-depreciable capital assets have been accounted for as a direct increase in the year-end fund balance of the Conservation Fund and therefore are not reflected as revenue in the statement of operations.

(ii) Unrestricted

The Conservancy received \$3,027,108 (2020 - \$2,489,911) in unrestricted donations which have been recognized as revenue in the statement of operations in the current year. Unrestricted donations can be utilized by the Conservancy for any required purpose including the support of administration, operations and strategic initiatives.

(iii) Endowment contributions

During the year, the Conservancy received and recognized \$25,000 (2020 - \$25,000) in endowment contributions related to the establishment of the Diane Nicolucci Bruce Trail Connection Fund. As at the year-end date, the total accumulated endowment contributions related to the Diane Nicolucci Bruce Trail Connection Fund was \$75,000 (2020 - \$50,000). An additional \$25,000 has been committed next year to create a maximum initial endowment contribution of \$100,000. These funds are to be allocated to the existing Land Stewardship Reserve Fund and remain vested in this fund as long as the fund is in existence. Investment income generated from the endowment balance may be utilized to support trail development and maintenance initiatives. In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, these endowment contributions have been accounted for as a direct increase in the year-end fund balance of the Land Stewardship Reserve Fund and therefore are not reflected as revenue in the statement of operations.



# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 11. Commitments

The Conservancy's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, approximate the following:

2022	\$	132,200
2023		128,100
2024		129,000
2025		129,000
2026		97,700
Subsequent years		<u>1,800</u>
	\$	<u>617,800</u>

### 12. Contingencies

From time to time, the Conservancy is subject to claims and other lawsuits that arise in the course of operations, some of which may seek damages of substantial amounts. It is expected that any successful claims would be covered pursuant to the Conservancy's insurance policies. As at June 30, 2021, based on management's assessment, there were no outstanding claims that would likely cause an economic loss to the Conservancy and therefore no amount has been accrued in the financial statements.

### 13. Interfund transfers

Consistent with the Conservancy's policy, the Board of Directors recognized and carried out a transfer of funds from the Conservation Fund to the Land Stewardship Reserve Fund in the amount of \$783,900 (2020 - \$360,634). This transfer was made to support the Conservancy's initiatives and policies as described in the fund accounting section of Note 1(iv) as related to the Land Stewardship Reserve Fund.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 14. Allocation of costs by function

Salaries and benefits represent the largest component of operating costs and are allocated to various functions to reflect the time spent in each area. Direct expenses are charged directly to the related area. Salaries and benefits have been allocated to the various functions as follows:

	June 30	
	2021	2020
Fundraising	\$ 413,917	\$ 373,433
Administrative	347,340	340,274
Communications and engagement	255,240	138,213
Land stewardship	230,347	193,955
Land securement	184,080	192,350
Member and public outreach	79,751	136,122
Volunteer management	62,774	87,001
Committee and meeting expenses	58,648	58,798
Bruce Trail Enterprises and Magazine	37,532	44,624
Trail development and maintenance	31,122	33,414
Other functions	26,091	21,646
Annual general meeting	9,562	14,106
Government relations	5,562	12,967
	<u>\$ 1,741,966</u>	<u>\$ 1,646,903</u>

### 15. Government assistance

As part of the Government of Canada's economic response plan to the COVID-19 pandemic, it was declared that companies and organizations would be eligible for the Canada Emergency Wage Subsidy (CEWS). This program provides a wage subsidy to eligible employers. Management determined that the Conservancy was eligible for the CEWS based upon the established criteria and thus would be applying to receive the subsidy. The CEWS claim periods were predefined by the Government of Canada and management determined that the Conservancy was eligible for the subsidy in the total amount of \$55,673 (2020 - \$192,208) as it related to the current fiscal year. The subsidy amount received has been recorded as other income in the statement of operations.

The CEWS is subject to review by the Government of Canada and its related authorities. Any resulting adjustments or required repayments that may result from the Government of Canada's review will be reflected in the year of settlement.

### 16. Employee retirement matching program

The Conservancy makes contributions towards employee retirement savings plans on behalf of its permanent full-time employees. A permanent employee is defined as working a minimum of 24 hours per week. The Conservancy matches the contributions made by each employee to a maximum of 3.00% of the employee's annual salary.

During the year, the Conservancy's contributions to employee retirement savings plans were \$41,520 (2020 - \$38,035).

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 17. Economic interest

The Conservancy has an economic interest in nine clubs located along the Bruce Trail. Each club has accepted responsibility for developing and maintaining the portion of the trail located within its district, for assisting with the stewardship of the Conservancy's properties, conducting hikes for member and non-member public, public outreach, fundraising, and other related activities. These activities are conducted by each club using its own volunteers and financial resources, including a portion of the membership dues paid to the Conservancy and donations received by the Conservancy on behalf of the club. The Conservancy may provide special funding for projects beyond the resources of the clubs.

### 18. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks. The following disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments:

#### (a) Liquidity risk

Liquidity risk is the risk that the Conservancy will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Conservancy manages its liquidity risk by monitoring its operating requirements and by preparing budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. It is management's opinion that the Conservancy has raised sufficient funds and has the assets required to settle its obligations as they become due and does not anticipate the need to liquidate any long-term investments or utilize reserve funds.

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Conservancy to cash flow interest rate risk. The Conservancy is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Conservancy through the use of an investment portfolio manager and the construction of an investment portfolio comprised of equity and fixed yield securities with varying maturity and interest rates. Additional details regarding the Conservancy's investments are included in Note 2. Management believes that there has been no significant change in the interest rate risk exposure related to its financial assets and that the Conservancy has sufficient resources to mitigate the interest rate risk associated with its financial liabilities.

It is management's opinion that the Conservancy is not exposed to significant currency, credit, foreign exchange, or concentration risk.

# The Bruce Trail Conservancy

## Notes to Financial Statements

Year ended June 30, 2021

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### 19. Impact of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") a pandemic resulting in economic uncertainties potentially affecting the Conservancy's cash flows, financial position and results of operations. At this time, it is unknown the extent of the impact that the COVID-19 outbreak may have on the Conservancy as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus and duration of the outbreak, forced closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by government authorities to fight the virus. The Conservancy continues to assess the impact COVID-19 will have on its business activities in the future, however, the extent of the effect of the COVID-19 pandemic remains uncertain.