

Eastern Ontario Forest Group

Financial Statements

March 31, 2020

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Independent Auditors' Report

To the Members
Eastern Ontario Forest Group

Opinion

We have audited the financial statements of Eastern Ontario Forest Group, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, statement of changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eastern Ontario Forest Group as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 company 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 opinion.

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 the 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 these financial statements, management is responsible for assessing the company'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 company or to cease operations, or has no realistic alternative to do so.

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

Independent Auditors' Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 company'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 company 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.

Independent Auditors' Report

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.

WGP Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

Kemptville, ON
TBD

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Eastern Ontario Forest Group

Statement of Financial Position

March 31, 2020

	Note	2020	2019
Assets			
Current Assets			
Cash		\$ 93,195	\$ 215,526
Short term investments	2.	86,130	-
Accounts receivable, net of allowances		7,845	22,290
Government remittances receivable		725	-
Prepaid expenses		868	803
Total Current Assets		188,763	238,619
Capital assets, net of accumulated amortization	3.	1,044	1,304
Total Assets		\$ 189,807	\$ 239,923

The accompanying notes are an integral part of these financial statements

Eastern Ontario Forest Group

Statement of Financial Position

March 31, 2020

	Note	2020	2019
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 6,579	\$ 8,970
Government remittances payable		-	2,218
Total Current Liabilities		6,579	11,188
Deferred revenue	4.	46,727	61,762
Total Liabilities		53,306	72,950
Net Assets			
Net assets		136,501	166,973
Total Liabilities and Net Assets		\$ 189,807	\$ 239,923

Approved on Behalf of the Board:

The accompanying notes are an integral part of these financial statements

Eastern Ontario Forest Group

Statement of Operations

For the Year Ended March 31, 2020

	Note	2020	2019
Receipts			
Membership/Donations	\$	4,015	\$ 2,385
Certification Program		86,737	99,832
Conferences		16,562	21,488
Interest Income		633	99
HST Net Non-remittable		5,564	12,170
Schedule of Project Revenue		22,525	34,269
Total receipts		136,036	170,243
Expenditures			
Amortization		260	324
Office Supplies & Support		2,102	2,862
Board & Committee Activities		470	468
Communications		1,257	5,888
Management Fees		36,164	35,000
Administrative Assistance		14,555	8,070
Insurance		3,407	3,711
Accounting Fees		6,015	6,415
Travel		961	1,342
Membership Fees		620	-
Conferences		9,621	8,782
Certification Program - Direct Expenses		78,502	82,114
Non-recoverable HST		3,368	3,515
Schedule of Project Expenses		9,206	28,302
Total expenditures		166,508	186,793
(Deficiency) excess of receipts over expenditures	\$	(30,472)	\$ (16,550)

The accompanying notes are an integral part of these financial statements

Eastern Ontario Forest Group

Statement of Changes in Net Assets

For the Year Ended March 31, 2020

	2020	2019
Net assets, opening	\$ 166,973	\$ 183,523
(Deficiency) excess of receipts over expenditures	(30,472)	(16,550)
Net assets, closing	\$ 136,501	\$ 166,973

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The accompanying notes are an integral part of these financial statements

Eastern Ontario Forest Group

Statement of Cash Flows

For the Year Ended March 31, 2020

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Deficiency) excess of receipts over expenditures		\$ (30,032)	\$ (16,550)
Amortization expense		260	325
Decrease in accounts receivable		13,720	3,251
(Increase) decrease in prepaid expenses		(65)	21
(Decrease) increase in accounts payable		(2,391)	2,576
(Decrease) increase in deferred revenue		(15,475)	8,475
(Decrease) in government remittances payable		(2,218)	(6,175)
NET CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES		(36,201)	(8,077)
Net increase (decrease) in cash and cash equivalents		(36,201)	(8,077)
Cash and cash equivalents at beginning of period		215,526	223,603
Cash and cash equivalents at end of period		\$ 179,325	\$ 215,526
Cash and cash equivalents consist of the following:			
Cash		\$ 93,195	\$ 215,526
Short term investments		86,130	-
		\$ 179,325	\$ 215,526

The accompanying notes are an integral part of these financial statements

Eastern Ontario Forest Group

Notes to the Financial Statements

For the Year Ended March 31, 2020

1. Significant Accounting Policies

a. Nature of business/basis of preparation

i. Place of incorporation and principal business

The group was incorporated as a not-for-profit corporation, without share capital on October 13, 1992, under the laws of Ontario. The organization received its charitable status from the Canada Revenue Agency on April 1, 1999. The group is dedicated to championing the concept and practice of sustainable forestry for all it values in Eastern Ontario and beyond through the cooperative efforts of its residents and supporters. The Eastern Ontario Forest Group belongs to the Canadian Model Forest Network with over 11 sites located across Canada.

ii. Consistent Canadian accounting standards for not-for-profit organizations

The accounting policies of the company are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

b. Capital assets

Amortization is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

	Rate
Equipment	5 years

c. Financial instruments

Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. Non-arm's length transactions are measured at the exchange amount of consideration paid or received as established and agreed to by the related parties.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted at active market, which are measured at fair value. Changes in fair value are recognized in net income.

Eastern Ontario Forest Group

Notes to the Financial Statements

For the Year Ended March 31, 2020

1. Significant Accounting Policies continued

c. Financial instruments continued

Financial assets measured at amortized cost include cash, accounts receivable. Financial liabilities measured at amortized cost include the accounts payable, and accrued liabilities

Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date of March 31, 2020.

Liquidity risk

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relates to its accounts receivable.

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.

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 market interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

Eastern Ontario Forest Group

Notes to the Financial Statements

For the Year Ended March 31, 2020

1. Significant Accounting Policies continued

d. Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

e. Revenue recognition

The Eastern Ontario Forest Group follows the deferral method for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount is to be received can be reasonably estimated and collections is reasonably assured.

2. Short term investments

	2020	2019
BNS Short Term Non-Redeemable GIC, due May 05, 2020, 1.5%	\$ 43,042	\$ -
BNS Short Term Non-Redeemable GIC, due November 05, 2020, 1.76%	43,088	-
Total	\$ 86,130	\$ -

3. Capital assets

Capital assets consist of the following:

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 29,331	\$ 28,287	\$ 1,044	\$ 1,304

Eastern Ontario Forest Group

Notes to the Financial Statements

For the Year Ended March 31, 2020

4. Deferred revenue

	2020	2019
Beginning balance , related to supplementary funding	\$ 61,762	\$ 53,287
Less: Amounts recognized in the year	(15,475)	(7,000)
Add: Amounts received related to future years	-	15,475
Ending balance, related to supplementary funding	\$ 46,287	\$ 61,762

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Eastern Ontario Forest Group

For the Year Ended March 31, 2020

Schedule of Project Revenue

	2020	2019
Park Projects (EAB)	\$ 3,475	\$ 5,799
Forest Restoration Program	12,000	14,250
Docudrama	120	11,230
Forest Health Network	2,550	2,990
International Model Forest Network Project	4,380	-
Total project revenue	\$ 22,525	\$ 34,269

Schedule of Project Expenses

	2020	2019
Parks Project (EAB)	\$ 576	\$ 2,396
Forest Restoration Program	7,859	12,825
Docudrama	-	12,599
Forest Health Network	771	482
Total project expenses	\$ 9,206	\$ 28,302

The accompanying notes are an integral part of these financial statements