

THE FRIENDS OF PRESQU'ILE PARK

FINANCIAL STATEMENTS

December 31, 2016

REVIEW ENGAGEMENT REPORT

To the Directors of
THE FRIENDS OF PRESQU'ILE PARK

We have reviewed the statement of financial position of **THE FRIENDS OF PRESQU'ILE PARK** as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Trenton, Ontario
May 5, 2017

THE FRIENDS OF PRESQU'ILE PARK
(Incorporated without share capital under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 96,872	\$ 72,806
Accounts receivable	1,817	977
Inventory	4,403	5,658
Prepaid expenses	3,261	3,798
Government remittances recoverable	1,968	-
	108,321	83,239
INVESTMENTS - note 4	<u>140,639</u>	<u>149,799</u>
	<u>\$ 248,960</u>	<u>\$ 233,038</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 8,643	\$ 4,251
Government remittances payable	-	16,700
Deferred contributions - 25th Anniversary Environmental Fund - note 5	52,629	41,696
	61,272	62,647
NET ASSETS		
Internally restricted - note 6	146,000	148,000
Unrestricted	41,688	22,391
	187,688	170,391
	<u>\$ 248,960</u>	<u>\$ 233,038</u>

Approved by the Board:

_____ Director

_____ Director

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
REVENUES		
Fund Raising Events and Operations - gross profit - Schedule A	\$ 51,905	\$ 55,243
Donations	5,085	2,496
Memberships	2,815	2,820
Investment	5,268	4,556
Other	1,914	1,410
Total Revenues	<u>66,987</u>	<u>66,525</u>
PROGRAM EXPENSES - net - Schedule B		
Natural Heritage Education and Kids 'N Nature Program	35,160	39,280
Park Improvements - Hiking Trail Improvements	5,260	4,915
Environmental Initiatives	7,115	6,258
Subtotal Program Expenses	<u>47,535</u>	<u>50,453</u>
OPERATING EXPENSES		
Advertising and promotion	-	510
Bank charges and credit card costs	3,254	3,345
Equipment purchase	811	164
Insurance	4,567	4,123
Meetings	138	-
Miscellaneous	171	2,128
Postage and office	3,431	3,554
Professional fees	4,250	4,250
Subtotal Operating Expenses	<u>16,622</u>	<u>18,074</u>
Total Expenses	<u>64,157</u>	<u>68,527</u>
Excess (deficiency) of revenue over expenses before item below	2,830	(2,002)
Adjustment to fair market value of investments	14,467	(2,195)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>17,297</u>	<u>(4,197)</u>
NET ASSETS, beginning of year	<u>170,391</u>	<u>174,588</u>
NET ASSETS, end of year	<u>\$ 187,688</u>	<u>\$ 170,391</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
SCHEDULE OF FUND RAISING EVENTS AND OPERATIONS - GROSS PROFIT
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>SCHEDULE A</u> <u>2015</u>
Lighthouse Gift Shop		
Lighthouse Gift Shop sales	\$ 52,336	\$ 53,699
Cost of sales	(32,205)	(34,825)
Employment Grants	3,809	6,423
Wages	<u>(7,773)</u>	<u>(6,474)</u>
Gross profit	<u>\$ 16,167</u>	<u>\$ 18,823</u>
Cost of Sales		
Inventory at beginning of year	\$ 5,658	\$ 7,752
Purchases	30,950	32,731
Inventory at end of year	<u>4,403</u>	<u>5,658</u>
	<u>\$ 32,205</u>	<u>\$ 34,825</u>
Christmas at Presqu'ile		
Arts and crafts sales	\$ 90,608	\$ 100,302
Tea room sales	7,249	7,715
Raffle ticket sales	<u>4,108</u>	<u>3,889</u>
Total sales	<u>101,965</u>	<u>111,906</u>
Arts and crafts purchases	68,354	75,417
Tea room supplies purchases	2,859	2,533
Advertising and promotion	4,021	4,235
Supplies and decorations	<u>3,731</u>	<u>2,691</u>
Total purchases	<u>78,965</u>	<u>84,876</u>
Gross profit	<u>\$ 23,000</u>	<u>\$ 27,030</u>
BBQs		
Sales	\$ 9,663	\$ 9,132
Supplies purchases	<u>3,411</u>	<u>3,878</u>
Gross profit	<u>\$ 6,252</u>	<u>\$ 5,254</u>
Raffles and Other Events		
Sales	\$ 6,691	\$ 4,341
Supplies purchases	<u>205</u>	<u>205</u>
Gross profit	<u>\$ 6,486</u>	<u>\$ 4,136</u>
Total Fundraisers Gross Profit	<u>\$ 51,905</u>	<u>\$ 55,243</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
SCHEDULE OF CHARITABLE PROGRAMS - GROSS EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>SCHEDULE B</u> <u>2015</u>
Kids 'n Nature		
Summer Camp Participation Fee	\$ 12,250	\$ 10,375
Employment Grants	<u>3,140</u>	<u>1,109</u>
Total Revenues	<u>15,390</u>	<u>11,484</u>
Wages	29,249	26,856
School Program Expenses	1,309	1,294
Summer Camp Expenses	<u>5,435</u>	<u>4,559</u>
Gross Expenses	<u>35,993</u>	<u>32,709</u>
Natural Heritage Education Program		
Employment Grants	<u>11,143</u>	<u>7,666</u>
Total Revenues	<u>11,143</u>	<u>7,666</u>
Wages	<u>25,700</u>	<u>25,721</u>
NATURAL HERITAGE EDUCATION PROGRAMS	<u>\$ 35,160</u>	<u>\$ 39,280</u>
PARK IMPROVEMENTS	<u>\$ 5,760</u>	<u>\$ 4,915</u>
Less grant	<u>500</u>	<u>-</u>
	<u>\$ 5,260</u>	<u>\$ 4,915</u>
Environmental Initiatives		
25th Anniversary Base Contribution	\$ 1,747	\$ 1,222
Federal grant - Panna Wetlands Restoration	-	16,000
Provincial grant - Habitat reconnectedivity	30,000	-
Donation - Habitat reconnectedivity	<u>25,000</u>	<u>-</u>
	<u>56,747</u>	<u>17,222</u>
Invasive Species - Park Expenses	-	17,080
Species at Risk	60,946	2,000
Tern Research Study - Tern research	2,500	2,000
Dune Beach Scrape - Dunes beach	-	2,000
Birding Program - Seed expenses	<u>416</u>	<u>400</u>
Gross expenses	<u>63,862</u>	<u>23,480</u>
ENVIRONMENTAL INITIATIVES	<u>\$ 7,115</u>	<u>\$ 6,258</u>
Total Funded Programs Expenses	<u>\$ 47,535</u>	<u>\$ 50,453</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 17,297	\$ (4,197)
Adjustment to fair market value of investments	<u>(14,467)</u>	<u>2,195</u>
	2,830	(2,002)
Changes in non-cash working capital components:		
Accounts receivable	(840)	4,485
Inventory	1,255	2,094
Prepaid expenses	537	(163)
Accounts payable and accrued liabilities	4,392	(5,749)
Government remittances payable	(18,668)	5,759
Deferred contributions - 25th Anniversary Environmental Fund	<u>10,933</u>	<u>11,909</u>
	<u>439</u>	<u>16,333</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on maturity of investments	28,000	28,000
Purchases of investments	(4,373)	(39,442)
Investments contributed	<u>-</u>	<u>(7,767)</u>
	<u>23,627</u>	<u>(19,209)</u>
INCREASE (DECREASE) IN CASH	24,066	(2,876)
CASH, beginning of year	<u>72,806</u>	<u>75,682</u>
CASH, end of year	<u>\$ 96,872</u>	<u>\$ 72,806</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

1. PURPOSE OF ORGANIZATION

The Friends of Presqu'ile Park is an incorporated organization whose purpose is to encourage and support interpretive, educational, scientific, historical, protection and preservation programs related to the natural and historical resources of Presqu'ile Provincial Park. The Friends of Presqu'ile Park is a not-for-profit organization and as such is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Corporation follows the deferral method of accounting 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 to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recognized at the time goods are shipped or services are supplied to customers. Provision is made for expected collection losses based on the Corporation's past experience.

Contributed Materials and Services

Contributed materials are recorded at the fair market value of the items contributed on the date of contribution. Due to the difficulty in determining the fair value of volunteer services, contributed services are not recognized in the financial statements.

Inventory

The inventory is valued at the lower of cost and market with cost being determined on a first-in, first-out basis.

Financial Instruments

The Corporation's cash and investments are initially recognized and subsequently measured at fair market value. All other financial instruments are subsequently measured at amortized cost.

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible Capital Assets

The Corporation is considered to be a "small organization" for the purposes of the accounting recommendations of Chartered Professional Accountants Canada applicable to not-for-profit organizations. Accordingly, tangible capital assets are expensed at the time of purchase. Proceeds of disposition are shown as revenue when an item is sold.

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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recording of accrued liabilities. Actual results could differ from those estimates.

3. FINANCIAL INSTRUMENTS

Credit Risk

The Corporation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Corporation's maximum exposure to credit risk represents the sum of the carrying value of its cash, its guaranteed investment certificates and its accounts receivable. The Corporation's cash and guaranteed investment certificates are deposited with a Chartered bank and as a result management believes the risk of loss on these items to be remote. As accounts receivable includes accrued interest on investments, management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

Liquidity Risk

Liquidity risk is the risk that the Corporation cannot meet its commitments when they become due. The Corporation manages this risk by reviewing future cash flow requirements, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 is comprised of currency risk, interest rate risk and other price risk.

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

3. FINANCIAL INSTRUMENTS (continued)

Currency Risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Substantially all of the Corporation's transactions are in Canadian dollars and as a result the Corporation is not subject to significant currency risk.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Corporation's exposure to interest rate risk arises from its interest bearing investments. The Corporation manages this risk by having prudent investment policies.

Other Price Risk

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

The Corporation is exposed to other price risk on its equity investments.

Change in Risk

There have been no significant changes in the Corporation's risk exposures from the prior year.

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

4. INVESTMENTS

Investments consist of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Canadian equities	\$ 112,073	\$ 97,605	\$ 93,320	\$ 83,923
Guaranteed Investment Certificates				
- 2.25% non-redeemable five in one GIC with annual distribution of \$20,000 March 7, 2013 to March 7, 2017	\$ 20,000	\$ 20,000	\$ 40,000	\$ 40,000
- 2.25% non-redeemable five in one GIC with annual distribution of \$6,000 April 16, 2013 to April 16, 2017	6,000	6,000	12,000	12,000
- 1.95% non-redeemable five in one GIC with annual distribution of \$2,000 June 12, 2013 to June 12, 2017	<u>2,566</u>	<u>2,566</u>	<u>4,479</u>	<u>4,479</u>
	<u>28,566</u>	<u>28,566</u>	<u>56,479</u>	<u>56,479</u>
	<u>\$ 140,639</u>	<u>\$ 126,171</u>	<u>\$ 149,799</u>	<u>\$ 140,402</u>

5. DEFERRED CONTRIBUTIONS - 25TH ANNIVERSARY ENVIRONMENTAL FUND

Deferred contributions consist of amounts received from donors which were designated for specific projects. During 2016, changes were as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 41,696	\$ 29,787
Receipts	12,680	13,131
Recognized as revenue	<u>(1,747)</u>	<u>(1,222)</u>
Balance, end of year	<u>\$ 52,629</u>	<u>\$ 41,696</u>

The Board must use this fund for the designated purpose.

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

6. NET ASSETS - INTERNALLY RESTRICTED

Internally restricted net assets consist of:

	<u>2016</u>	<u>2015</u>
25th Anniversary Environmental Fund	\$ 46,000	\$ 48,000
Contingency Reserve	<u>100,000</u>	<u>100,000</u>
	<u>\$ 146,000</u>	<u>\$ 148,000</u>

Expenses totalling \$2,000 were charged to the 25th Anniversary Environmental Fund during the year.

7. GROSS REVENUE

Gross revenue consists of:

	<u>2016</u>	<u>2015</u>
Sales	\$ 52,336	\$ 53,699
Fundraising and programs	103,443	56,268
Christmas at Presqu'ile	101,965	111,906
Other	<u>15,082</u>	<u>11,282</u>
	<u>\$ 272,826</u>	<u>\$ 233,155</u>