

THE FRIENDS OF PRESQU'ILE PARK

FINANCIAL STATEMENTS

December 31, 2015

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, 2015 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
April 30, 2016

THE FRIENDS OF PRESQU'ILE PARK

(Incorporated without share capital under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 72,806	\$ 75,682
Accounts receivable	977	5,462
Inventory	5,658	7,752
Prepaid expenses	<u>3,798</u>	<u>3,635</u>
	83,239	92,531
INVESTMENTS - note 4	<u>149,799</u>	<u>132,785</u>
	<u>\$ 233,038</u>	<u>\$ 225,316</u>

LIABILITIES AND NET ASSETS

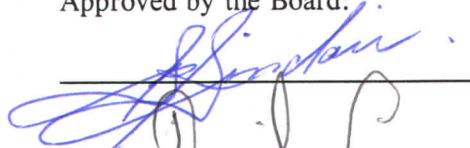
CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 4,251	\$ 10,000
Government remittances payable	16,700	10,941
Deferred contributions - 25th Anniversary Environmental Fund - note 5	<u>41,696</u>	<u>29,787</u>
	<u>62,647</u>	<u>50,728</u>

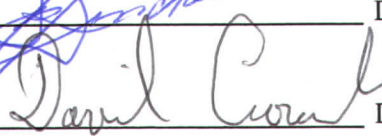
NET ASSETS

Internally restricted - note 6	148,000	24,000
Unrestricted	<u>22,391</u>	<u>150,588</u>
	<u>170,391</u>	<u>174,588</u>
	<u>\$ 233,038</u>	<u>\$ 225,316</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, 2015

	<u>2015</u>	<u>2014</u>
REVENUES		
Fund Raising Events and Operations - gross profit - Schedule A	\$ 55,243	\$ 54,236
Donations	2,496	9,507
Memberships	2,820	3,140
Investment	4,556	4,044
Other	<u>1,410</u>	<u>412</u>
Total Revenues	<u>66,525</u>	<u>71,339</u>
 PROGRAM EXPENSES - net - Schedule B		
Natural Heritage Education and Kids 'N Nature Program	39,280	31,649
Park Improvements - Hiking Trail Improvements	4,915	1,905
Environmental Initiatives	<u>6,258</u>	<u>8,389</u>
Subtotal Program Expenses	<u>50,453</u>	<u>41,943</u>
 OPERATING EXPENSES		
Advertising and promotion	510	738
Bank charges and credit card costs	3,345	2,943
Equipment purchase	164	-
Insurance	4,123	4,288
Meetings	-	326
Miscellaneous	2,128	-
Postage and office	3,554	3,408
Professional fees	<u>4,250</u>	<u>5,100</u>
Subtotal Operating Expenses	<u>18,074</u>	<u>16,803</u>
 Total Expenses	<u>68,527</u>	<u>58,746</u>
 Excess of revenue over expenses (expenses over revenue) before item below	(2,002)	12,593
Adjustment to fair market value of investments	<u>(2,195)</u>	<u>6,402</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(4,197)	18,995
 NET ASSETS, beginning of year	<u>174,588</u>	<u>155,593</u>
NET ASSETS, end of year	<u>\$ 170,391</u>	<u>\$ 174,588</u>

(Unaudited - See accompanying notes)

SCHEDULE OF FUND RAISING EVENTS AND OPERATIONS - GROSS PROFIT

YEAR ENDED DECEMBER 31, 2015

SCHEDULE A

	<u>2015</u>	<u>2014</u>
Lighthouse Gift Shop		
Lighthouse Gift Shop sales	\$ 53,699	\$ 48,095
Cost of sales	(34,825)	(29,631)
Employment Grants	6,423	5,641
Wages	<u>(6,474)</u>	<u>(6,105)</u>
Gross profit	<u>\$ 18,823</u>	<u>\$ 18,000</u>
Cost of Sales		
Inventory at beginning of year	\$ 7,752	\$ 8,348
Purchases	32,731	29,035
Inventory at end of year	<u>5,658</u>	<u>7,752</u>
	<u>\$ 34,825</u>	<u>\$ 29,631</u>
Christmas at Presqu'ile		
Arts and crafts sales	\$ 100,302	\$ 102,266
Tea room sales	7,715	7,242
Raffle ticket sales	<u>3,889</u>	<u>4,410</u>
Total sales	<u>111,906</u>	<u>113,918</u>
Arts and crafts purchases	75,417	79,093
Tea room supplies purchases	2,533	2,138
Advertising and promotion	4,235	3,503
Supplies and decorations	<u>2,691</u>	<u>2,520</u>
Total purchases	<u>84,876</u>	<u>87,254</u>
Gross profit	<u>\$ 27,030</u>	<u>\$ 26,664</u>
BBQs		
Sales	\$ 9,132	\$ 8,892
Supplies purchases	<u>3,878</u>	<u>2,606</u>
Gross profit	<u>\$ 5,254</u>	<u>\$ 6,286</u>
Raffles and Other Events		
Sales	\$ 4,341	\$ 3,606
Supplies purchases	<u>205</u>	<u>320</u>
Gross profit	<u>\$ 4,136</u>	<u>\$ 3,286</u>
Total Fundraisers Gross Profit	<u>\$ 55,243</u>	<u>\$ 54,236</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
SCHEDULE OF CHARITABLE PROGRAMS - GROSS EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>SCHEDULE B</u> <u>2014</u>
Kids 'n Nature		
Summer Camp Participation Fee	\$ 10,375	\$ 9,375
Employment Grants	<u>1,109</u>	<u>1,111</u>
Total Revenues	<u>11,484</u>	<u>10,486</u>
Wages	26,856	20,069
School Program Expenses	1,294	429
Summer Camp Expenses	<u>4,559</u>	<u>4,184</u>
Gross Expenses	<u>32,709</u>	<u>24,682</u>
Natural Heritage Education Program		
Employment Grants	<u>7,666</u>	<u>7,615</u>
Total Revenues	<u>7,666</u>	<u>7,615</u>
Wages	<u>25,721</u>	<u>25,068</u>
NATURAL HERITAGE EDUCATION PROGRAMS	<u>\$ 39,280</u>	<u>\$ 31,649</u>
PARK IMPROVEMENTS - HIKING TRAIL IMPROVEMENTS	<u>\$ 4,915</u>	<u>\$ 1,905</u>
Environmental Initiatives		
25th Anniversary Base Contribution	\$ 1,222	\$ 758
Federal grant - Panna Wetlands Restoration	<u>16,000</u>	<u>4,000</u>
	<u>17,222</u>	<u>4,758</u>
Invasive Species - Park Expenses	17,080	8,822
Species at Risk	2,000	2,000
Tern Research Study - Tern research	2,000	2,000
Dune Beach Scrape - Dunes beach	2,000	-
Birding Program - Seed expenses	<u>400</u>	<u>325</u>
Gross expenses	<u>23,480</u>	<u>13,147</u>
ENVIRONMENTAL INITIATIVES	<u>\$ 6,258</u>	<u>\$ 8,389</u>
Total Funded Programs Expenses	<u>\$ 50,453</u>	<u>\$ 41,943</u>

(Unaudited - See accompanying notes)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (4,197)	\$ 18,995
Adjustment to fair market value of investments	<u>2,195</u>	<u>(6,402)</u>
	(2,002)	12,593
Changes in non-cash working capital components:		
Accounts receivable	4,485	(3,243)
Inventory	2,094	596
Prepaid expenses	(163)	-
Accounts payable and accrued liabilities	(5,749)	4,119
Government remittances payable	5,759	7,994
Deferred contributions - 25th Anniversary Environmental Fund	<u>11,909</u>	<u>10,842</u>
	<u>16,561</u>	<u>32,901</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on maturity of investments	28,000	28,000
Purchases of investments	(39,442)	(1,220)
Investments contributed	<u>(7,767)</u>	<u>-</u>
	<u>(19,209)</u>	<u>26,780</u>
INCREASE (DECREASE) IN CASH	(2,876)	59,681
CASH, beginning of year	<u>75,682</u>	<u>16,001</u>
CASH, end of year	<u>\$ 72,806</u>	<u>\$ 75,682</u>

(Unaudited - See accompanying notes)

THE FRIENDS OF PRESQU'ILE PARK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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, 2015

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.

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, 2015

4. **INVESTMENTS**

Investments consist of the following:

	<u>2015</u>		<u>2014</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Canadian equities	\$ 93,320	\$ 83,923	\$ 48,431	\$ 36,839
Guaranteed Investment Certificates				
- 2.25% non-redeemable five in one GIC with annual distribution of \$20,000 March 7, 2013 to March 7, 2017	\$ 40,000	\$ 40,000	\$ 60,000	\$ 60,000
- 2.25% non-redeemable five in one GIC with annual distribution of \$6,000 April 16, 2013 to April 16, 2017	12,000	12,000	18,000	18,000
- 1.95% non-redeemable five in one GIC with annual distribution of \$2,000 June 12, 2013 to June 12, 2017	4,479	4,479	6,354	6,354
	<u>56,479</u>	<u>56,479</u>	<u>84,354</u>	<u>84,354</u>
	<u>\$ 149,799</u>	<u>\$ 140,402</u>	<u>\$ 132,785</u>	<u>\$ 121,193</u>

5. **DEFERRED CONTRIBUTIONS - 25TH ANNIVERSARY ENVIRONMENTAL FUND**

Deferred contributions consist of amounts received from donors which were designated for specific projects. During 2015, changes were as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 29,787	\$ 18,945
Receipts	13,131	11,600
Recognized as revenue	<u>(1,222)</u>	<u>(758)</u>
Balance, end of year	<u>\$ 41,696</u>	<u>\$ 29,787</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, 2015

6. NET ASSETS - INTERNALLY RESTRICTED

Internally restricted net assets consist of:

	<u>2015</u>	<u>2014</u>
25th Anniversary Environmental Fund	\$ 48,000	\$ 24,000
Contingency Reserve	<u>100,000</u>	<u>-</u>
	<u>\$ 148,000</u>	<u>\$ 24,000</u>

An additional \$25,000 was internally restricted by the Board and expenses totalling \$1,000 were charged to the 25th Anniversary Environmental Fund during the year.

In addition, the Board restricted \$100,000 for a contingency reserve in the event of an unanticipated revenue loss or extraordinary expenditures in order to be able to continue to fund programs in subsequent years.

7. GROSS REVENUE

Gross revenue consists of:

	<u>2015</u>	<u>2014</u>
Sales	\$ 53,699	\$ 48,095
Fundraising and programs	56,268	41,688
Christmas at Presqu'ile	111,906	113,918
Other	<u>11,282</u>	<u>17,103</u>
	<u>\$ 233,155</u>	<u>\$ 220,804</u>

8. COMPARATIVE FIGURES

Comparative figures have been reclassified, where applicable, to conform to the presentation adopted in the current year. The changes do not affect prior year earnings.