

THE LAND BETWEEN
Financial Statements
Year Ended March 31, 2022

Draft for discussion purposes only

THE LAND BETWEEN
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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Land Between

Qualified Opinion

We have audited the financial statements of The Land Between (the organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, 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, 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 March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from (specify type of contributions affected) 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. The predecessor auditor's opinion on the financial statements for the year ended March 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 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.

Other Matter

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements on for the reasons described in the *Basis for Qualified Opinion* section.

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 ASNPO, 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 related 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.

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

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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.

Bracebridge, Ontario

Chartered Professional Accountants
Authorized to practise public accounting by The
Chartered Professional Accountants of Ontario

THE LAND BETWEEN
Statement of Financial Position
March 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 511,839 | \$ 360,999 |
| Accounts receivable | 283,647 | 133,195 |
| Harmonized sales tax recoverable | 39,814 | 10,704 |
| | 835,300 | 504,898 |
| PROPERTY, PLANT AND EQUIPMENT (Note 3) | 877 | 1,169 |
| | \$ 836,177 | \$ 506,067 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 17,345 | \$ 36,863 |
| Wages payable | 36,129 | - |
| Employee deductions payable | 11,481 | - |
| Deferred income (Note 4) | 79,824 | 213,614 |
| Due to related parties (Note 6) | 152,920 | 62,970 |
| | 297,699 | 313,447 |
| LONG TERM DEBT | 40,000 | 40,000 |
| | 337,699 | 353,447 |
| NET ASSETS | 498,478 | 152,620 |
| | \$ 836,177 | \$ 506,067 |

ON BEHALF OF THE BOARD

Director

Director

THE LAND BETWEEN
Statement of Revenues and Expenditures
Year Ended March 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| REVENUES | | |
| Grants and subsidies (Note 4) | \$ 1,221,158 | \$ 473,828 |
| COVID-19 Support (Note 7) | 278,497 | 131,039 |
| Merchandise, books and DVD sales | 23,792 | 20,768 |
| Workshops and events | 27,172 | 224 |
| Donations | 17,360 | 20,020 |
| | 1,567,979 | 645,879 |
| EXPENSES | | |
| Administrative | | |
| Interest and bank charges | 694 | 41 |
| Insurance | 1,908 | 2,106 |
| Office | 22,733 | 9,915 |
| Professional fees | 15,218 | 10,383 |
| | 40,553 | 22,445 |
| Outreach | | |
| Advertising and promotion | 6,656 | 761 |
| Meeting and catering | 8,476 | 5,622 |
| | 15,132 | 6,383 |
| Special projects | | |
| Advertising and promotion | 12,891 | 7,293 |
| Amortization | 292 | 292 |
| Contractor services (Note 6) | 190,000 | 111,925 |
| Honorariums | 4,500 | 4,542 |
| Salaries and wages | 874,324 | 347,267 |
| Internet and communications | 3,933 | 3,639 |
| Office and supplies | 55,740 | 28,259 |
| Publications and printing | 2,777 | 5,629 |
| Travel and workshops | 15,258 | 7,656 |
| Turtle guardian expenses | 2,085 | 150 |
| Rental | 4,636 | - |
| | 1,166,436 | 516,652 |
| | 1,222,121 | 545,480 |
| EXCESS OF REVENUES OVER EXPENSES | \$ 345,858 | \$ 100,399 |

THE LAND BETWEEN
Statement of Changes in Net Assets
Year Ended March 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 152,620 | \$ 52,221 |
| EXCESS OF REVENUES OVER EXPENSES | 345,858 | 100,399 |
| NET ASSETS - END OF YEAR | \$ 498,478 | \$ 152,620 |

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THE LAND BETWEEN
Statement of Cash Flows
Year Ended March 31, 2022

| | 2022 | 2021 |
|---|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 345,858 | \$ 100,399 |
| Items not affecting cash: | | |
| Amortization of property, plant and equipment | 292 | 292 |
| CEBA loan forgiveness | - | (20,000) |
| | 346,150 | 80,691 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (150,452) | (91,699) |
| Accounts payable | (19,518) | (37,163) |
| Deferred income | (133,790) | 76,655 |
| Harmonized sales tax payable | (29,110) | 5,964 |
| Wages payable | 36,129 | - |
| Employee deductions payable | 11,481 | - |
| | (285,260) | (46,243) |
| Cash flow from operating activities | 60,890 | 34,448 |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | - | (1,460) |
| FINANCING ACTIVITIES | | |
| Advances from related parties | 89,950 | 62,970 |
| Long-term debt | - | 60,000 |
| Cash flow from financing activities | 89,950 | 122,970 |
| INCREASE IN CASH FLOW | 150,840 | 155,958 |
| Cash - beginning of year | 360,999 | 205,041 |
| CASH - END OF YEAR | \$ 511,839 | \$ 360,999 |

THE LAND BETWEEN
Notes to Financial Statements
Year Ended March 31, 2022

1. PURPOSE OF THE ORGANIZATION

The Land Between ("the Organization") was incorporated by letters patent without share capital under the provisions of the Canada Corporations Act on June 13, 2011, and began operations in May of 2012. The Organization has defined its mission as follows:

- a) to protect, preserve, and conserve the ecotone along the southern edge of the Canadian shield from southern Georgian Bay to the Frontenac axis north of Kingston - "the land between";
- b) to conduct research into social, economic, environmental and cultural issues that are relevant to the land between, and disseminating the results of such research to the public;
- c) to convene conferences, seminars and workshops for the benefit of the public on social, economic, environmental and cultural issues that are relevant to the land between;
- d) to convene meetings of the public for the purpose of exchanging knowledge about best practices for preserving, conserving, and restoring the land between.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFO). Canadian accounting standards for not-for-profit organizations are part of Canadian GAAP and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Accounts Receivable

The Organization records accounts receivable for amounts owing by a funder for approved expenditures incurred in the current year; and recognizes the HST/GST refund for expenditures paid or payable during the year.

Property, plant and equipment

Property, plant 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:

| | |
|-----------|------------------------------|
| Equipment | 5 years straight-line method |
|-----------|------------------------------|

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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, disclosure of contingent 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 results could differ from these estimates.

(continues)

THE LAND BETWEEN
Notes to Financial Statements
Year Ended March 31, 2022

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

Impairment of long lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue recognition

The Land Between 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for current expenses is recorded as a reduction of the related expenditures. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets.

Government grants

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

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

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.

When the organization issues financial instruments that include both a debt and equity component, the entire proceeds are allocated to the debt component, and the equity component is assigned a measurement amount of \$nil.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

THE LAND BETWEEN
Notes to Financial Statements
Year Ended March 31, 2022

3. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|-----------|----------|-----------------------------|---------------------------|---------------------------|
| Equipment | \$ 1,461 | \$ 584 | \$ 877 | \$ 1,169 |

4. DEFERRED REVENUE

Deferred revenue is comprised of unspent operating grants and unspent restricted donations. The availability of the grants in future periods is ultimately dependant upon various funding bodies, and as a result amounts included in deferred contributions may become repayable to the funder.

| | Opening balance | Funding received | amount spent | Ending total |
|--|--------------------|---------------------|--------------|------------------|
| Government Grants and Subsidies | | | | |
| Ontario Trillium Foundation - Turtle Guardians | \$ 135,460 | \$ 5,000 | \$ 140,460 | \$ - |
| Ontario Trillium Foundation - Resilient Communities | 15,625 | 4,600 | 20,225 | - |
| Environment and Climate Change Canada | 55,399 | 275,000 | 256,776 | 73,623 |
| Colleges and Institutes Canada | - | 23,247 | 23,247 | - |
| Canada Summer Job Grant | - | 285,266 | 285,266 | - |
| Environment and Climate Change Canada - Canadian Wildlife Service | - | 23,999 | 23,999 | - |
| Agricultural Heritage Impact - Youth Canada Works | - | 41,441 | 41,441 | - |
| Project Learning Tree Canada | - | 16,436 | 16,436 | - |
| | 206,484 | 674,989 | 807,850 | 73,623 |
| Non-Government Funding | | | | |
| TD Friends of Environment | 7,130 | - | 7,130 | - |
| EcoCan | - | 48,205 | 48,205 | - |
| Technation | - | 10,560 | 10,560 | - |
| The Clean Foundation | - | 95,675 | 95,675 | - |
| Eastern Georgian Bay Initiative | - | 72,000 | 65,800 | 6,200 |
| Lush Handmade Cosmetics Ltd. | - | 10,000 | 10,000 | - |
| TREC Charitable Foundation | - | 24,220 | 24,220 | - |
| National Indian Brothers | - | 80,000 | 80,000 | - |
| Miscellaneous small funders | - | 71,718 | 71,718 | - |
| | 7,130 | 412,378 | 413,308 | 6,200 |
| | \$ 213,614 | \$ 1,087,367 | \$ 1,221,158 | \$ 79,823 |

THE LAND BETWEEN
Notes to Financial Statements
Year Ended March 31, 2022

5. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and deferred revenue. The financial instruments are subject to several types of risk, the main components being:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to that risk from its funders. Due to the nature of the Organization, the credit risk is minimized by the signed contracts received from recognized government prior to beginning the programs in question.

The Organization's bank accounts are held at a national bank and the total amount on deposits exceeds the Canadian Deposit Insurance Corporation (CDIC). The Organization is subject to credit risk on the excess deposits over CDIC coverage of \$100,000.

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.

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

6. RELATED PARTY

| | 2022 | 2021 |
|--|-------------|-------------|
| <u>Related party transactions</u> | | |
| The Ber Company Ltd. | | |
| <i>Related through significant influence</i> | | |
| Management fees | \$ 145,544 | \$ 129,648 |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to related party

| | 2022 | 2021 |
|--------------------------------------|-------------|-------------|
| Current portion due to related party | | |
| The Ber Company Ltd. | \$ 152,920 | \$ 62,970 |

Advances from a related organization are non-interest bearing and have no set repayment terms.

THE LAND BETWEEN
Notes to Financial Statements
Year Ended March 31, 2022

7. COVID-19 SUPPORT

As part of the response to COVID-19, the Government of Canada launched Canada Emergency Wage Subsidy (CEWS), Canada Recovery Hiring Program (CRHP), Canada Emergency Rent Subsidy (CERS) and Canada Emergency Business Account (CEBA) programs to assist Canadian employers, whose businesses have been affected by COVID-19, in order to enable business to rehire workers, help prevent further job losses, and resume normal operations following the crisis.

In the prior year, the organization received the \$60,000 CEBA Loan which bears no interest until December 31, 2023 and if \$40,000 is repaid by this date, the remaining \$20,000 of the loan will be forgiven.

| | 2022 | 2021 |
|------------------------|-------------------|-------------------|
| <u>Section heading</u> | | |
| CEWS | \$ 227,480 | \$ 111,039 |
| CRHP | 49,604 | - |
| CERS | 1,413 | - |
| CEBA | - | 20,000 |
| | \$ 278,497 | \$ 131,039 |

8. ECONOMIC DEPENDENCE

The continuation of this organization is dependent upon the continuing financial support from government and other organization grants and subsidies.