

THE RIVERWOOD CONSERVANCY
Financial Statements
Year Ended December 31, 2019

THE RIVERWOOD CONSERVANCY
Index to Financial Statements
Year Ended December 31, 2019

| | Page |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Fund Balances | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 11 |

INDEPENDENT AUDITOR'S REPORT

To the Members of The Riverwood Conservancy

Qualified Opinion

We have audited the financial statements of The Riverwood Conservancy (the "Conservancy"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances 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 Conservancy as at December 31, 2019, 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 Conservancy derives revenue from donations, fundraising and other revenues the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Conservancy. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Conservancy 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.

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 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.

(continues)

Independent Auditor's Report to the Members of The Riverwood Conservancy (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 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 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.

Innovo

Oakville, Ontario
April 27, 2020

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

THE RIVERWOOD CONSERVANCY

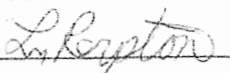
Statement of Financial Position

December 31, 2019

| | 2019 | 2018 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 473,487 | \$ 421,941 |
| Accounts receivable | 49,583 | 54,101 |
| Harmonized sales tax recoverable | 15,526 | 9,701 |
| Prepaid expenses | 654 | 613 |
| | <u>539,250</u> | <u>486,356</u> |
| PROPERTY AND EQUIPMENT (Note 3) | <u>10,385</u> | <u>10,261</u> |
| | <u>\$ 549,635</u> | <u>\$ 496,617</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | <u>\$ 49,000</u> | <u>\$ 33,960</u> |
| NET ASSETS | | |
| Program fund (restricted) | 263,236 | 270,442 |
| Garden fund (restricted) | 16,077 | 16,225 |
| Capital fund (restricted) | 13,732 | 13,607 |
| Operating fund (unrestricted) | <u>207,590</u> | <u>162,383</u> |
| | <u>500,635</u> | <u>462,657</u> |
| | <u>\$ 549,635</u> | <u>\$ 496,617</u> |

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

See notes to financial statements

THE RIVERWOOD CONSERVANCY
Statement of Operations and Changes in Fund Balances
Year Ended December 31, 2019

| | Program Fund | | Garden Fund | | Capital Fund | | Operating Fund | | Total | |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| REVENUES | | | | | | | | | | |
| Grants (Note 4) | \$ 595,227 | \$ 530,486 | \$ 21,579 | \$ 26,754 | \$ - | \$ - | \$ 278,723 | \$ 249,299 | \$ 895,529 | \$ 806,539 |
| Donations | 44,031 | 80,542 | 2,475 | 5,411 | - | - | 67,170 | 76,028 | 113,676 | 161,981 |
| Events, fundraising, and sponsorships (Note 5) | 24,750 | 12,575 | 21,329 | 47 | - | - | 118,181 | 120,412 | 164,260 | 133,034 |
| Program fees | 89,848 | 99,574 | - | - | - | - | - | - | 89,848 | 99,574 |
| Honoraria | 14,381 | 22,315 | - | - | - | - | - | - | 14,381 | 22,315 |
| Other revenue (Note 6) | 788 | 368 | 4,092 | 1,250 | - | - | 11,976 | 13,580 | 16,856 | 15,198 |
| | 769,025 | 745,860 | 49,475 | 33,462 | - | - | 476,050 | 459,319 | 1,294,550 | 1,238,641 |
| EXPENSES | | | | | | | | | | |
| Salaries and wages | 472,144 | 479,237 | 34,662 | 32,088 | - | - | 306,922 | 224,497 | 813,728 | 735,822 |
| Purchased services | 74,615 | 75,326 | 3,390 | 2,984 | - | - | 39,580 | 25,426 | 117,585 | 103,736 |
| Program expenses | 116,829 | 114,824 | 2,463 | 2,746 | - | - | 7,958 | 7,305 | 127,250 | 124,875 |
| Fundraising | - | - | 34 | - | - | - | 78,107 | 104,043 | 78,141 | 104,043 |
| Administration | 45,808 | 40,323 | 8,925 | 7,421 | - | - | 58,554 | 45,147 | 113,287 | 92,891 |
| Communications and marketing | 2,244 | 4,022 | 149 | 45 | - | - | 945 | 2,217 | 3,338 | 6,284 |
| Amortization | - | - | - | - | 3,243 | 3,121 | - | - | 3,243 | 3,121 |
| | 711,640 | 713,732 | 49,623 | 45,284 | 3,243 | 3,121 | 492,066 | 408,635 | 1,256,572 | 1,170,772 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | 57,385 | 32,128 | (148) | (11,822) | (3,243) | (3,121) | (16,016) | 50,684 | 37,978 | 67,869 |
| INTERFUND TRANSFERS | (64,591) | (68,318) | - | 17,000 | 3,368 | (1,645) | 61,223 | 52,963 | - | - |
| FUND BALANCE - BEGINNING OF YEAR | 270,442 | 306,632 | 16,225 | 11,047 | 13,607 | 18,373 | 162,383 | 58,736 | 462,657 | 394,788 |
| FUND BALANCE - END OF YEAR | \$ 263,236 | \$ 270,442 | \$ 16,077 | \$ 16,225 | \$ 13,732 | \$ 13,607 | \$ 207,590 | \$ 162,383 | \$ 500,635 | \$ 462,657 |

THE RIVERWOOD CONSERVANCY**Statement of Cash Flows****Year Ended December 31, 2019**

| | 2019 | 2018 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 37,978 | \$ 67,869 |
| Item not affecting cash: | | |
| Amortization of property and equipment | 3,243 | 3,121 |
| | <u>41,221</u> | <u>70,990</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | 4,518 | (16,189) |
| Accounts payable and accrued liabilities | 15,040 | 19,585 |
| Deferred revenue | - | (9,000) |
| Prepaid expenses | (41) | (34) |
| Harmonized sales tax payable | (5,825) | 452 |
| | <u>13,692</u> | <u>(5,186)</u> |
| Cash flow from operating activities | <u>54,913</u> | <u>65,804</u> |
| INVESTING ACTIVITY | | |
| Purchase of property and equipment | <u>(3,367)</u> | <u>(2,050)</u> |
| INCREASE IN CASH FLOW | 51,546 | 63,754 |
| Cash - beginning of year | <u>421,941</u> | <u>358,187</u> |
| CASH - END OF YEAR | \$ 473,487 | \$ 421,941 |

THE RIVERWOOD CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2019

1. DESCRIPTION OF BUSINESS

The Riverwood Conservancy (the "Conservancy") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario without share capital and is registered as a charitable organization under the Income Tax Act. As a registered charity the Conservancy is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Conservancy is a volunteer-and-member-based charity that operates to provide programs and services to the community in nature and environmental education, stewardship, gardening and volunteerism at Riverwood, a public garden park and nature preserve located in the City of Mississauga.

Mission Statement

The Riverwood Conservancy is the charity that provides programs and direction for Riverwood - the 150-acre, urban nature preserve situated on the shores of the Credit River in Mississauga. Working together with like-minded groups and individuals, our mission is to enable people of all cultures, ages, and abilities to respectfully connect with nature and learn about the importance of protecting, conserving and restoring natural spaces for the well-being of future generations – all while experiencing the beauty of the Riverwood gardens.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Fund accounting

The Conservancy follows the restricted fund method of accounting whereby contributions are segregated into funds based on the type of donor, activity, or board directed restriction. Revenues in restricted funds represent the amount of funds received for the fund purpose in the year. Expenses incurred in relation to the fund purpose are recorded in the expenses section of the applicable fund. The fund balance at the end of the year will include any externally restricted funds received up to the year end with conditions that still need to be fulfilled in a future year.

The purpose of each restricted fund is as follows:

Program Fund - This fund is for the development and operation of education programs under the auspices of the Conservancy and for the stewardship of natural areas at Riverwood.

Garden Fund - This fund is for the growth and/or ongoing maintenance of gardens at Riverwood.

Capital Fund - This fund is for the purchase of property and equipment and includes the accumulated amount purchased to date, net of grants received and accumulated amortization.

Unrestricted contributions are allocated to the Operating Fund.

Where permitted, the Conservancy periodically transfers amounts between funds to cover operating shortfalls or provide for planned future expenses.

(continues)

THE RIVERWOOD CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2019

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

Revenue recognition

Grants, donations and sponsorships

Externally restricted grants, donations and sponsorships for specific programs/projects are reported as revenues of the appropriate restricted fund when received thereby increasing the net assets of the fund. Expenses from the fund reduce the fund balance. All other externally restricted grants, donations and sponsorships for which no corresponding restricted fund has been established, are reported as revenues of the operating fund when received, or deferred and reported as revenue of the operating fund in the years in which the related expenses are incurred.

Unrestricted Donations

Revenue is reported as revenue of the operating fund when received, thereby increasing the net assets of the fund.

Program fees, honoraria and other revenues

Revenue from these activities is recorded as revenue when received, thereby increasing the net assets of the fund. Program fees, honoraria and other revenues, not subject to any external restrictions, are recorded directly into the fund that incurs the related activity expenses. If the revenue activity does not have an established restricted fund, this revenue is recorded in the operating fund.

Donations-in-kind

Revenue is recognized when a fair value can be reasonably estimated and the donations-in-kind would otherwise be purchased if not donated. Volunteers contribute many hours each year in carrying out the Conservancy's activities. Because of difficulty of determining their fair value, services and most contributed materials are not recognized in the financial statements. However, during the year, the Conservancy received \$13,752 (2018 - \$26,193) in contributed materials for which the fair value was reasonably determined and these donations have been recognized as revenue and reflected as expenses at that determined value.

Investment and other revenue

Investment income comprises interest from cash held with financial institutions \$7,242 (2018 - \$5,375). Other revenue includes interest earned on endowment funds controlled by third parties. Only endowment funds controlled by the Conservancy are included as assets in these financial statements. Revenue is recognized on an accrual basis.

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 RIVERWOOD CONSERVANCY
Notes to Financial Statements
Year Ended December 31, 2019

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

| | | |
|------------------------|----------|----------------------|
| Computer equipment | 3 years | straight-line method |
| Server | 5 years | straight-line method |
| Furniture and fixtures | 10 years | straight-line method |

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

3. PROPERTY AND EQUIPMENT

| | Cost | Accumulated amortization | 2019 Net book value | 2018 Net book value |
|------------------------|------------------|-----------------------------|------------------------------------|---------------------------|
| Computer equipment | \$ 20,786 | \$ 18,796 | \$ 1,990 | \$ 2,797 |
| Server | 4,207 | 3,960 | 247 | 411 |
| Furniture and fixtures | 11,630 | 3,482 | 8,148 | 7,053 |
| | \$ 36,623 | \$ 26,238 | \$ 10,385 | \$ 10,261 |

THE RIVERWOOD CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2019

4. GRANTS

| | 2019 | 2018 |
|---|-------------------|-------------------|
| City of Mississauga | \$ 331,859 | \$ 341,857 |
| Suncor Energy Foundation - LEADS Program | 85,000 | 74,500 |
| Dufferin-Peel Catholic District School Board - Education program and ISJ* | 47,356 | 57,224 |
| Government of Canada | 46,460 | - |
| Scotiabank - Education Program | 40,000 | 25,000 |
| Peel District School Board | 39,025 | - |
| Ontario Trillium Foundation - Enabling Garden/ISJ* and Stewardship | 36,400 | 76,400 |
| Credit Valley Conservation - Program Partnership | 32,500 | 32,500 |
| Government of Canada - Service Canada - Summer Students | 29,836 | 27,977 |
| Natural Sciences and Engineering Research Council of Canada | 25,000 | 25,000 |
| The Community Foundation of Mississauga | 23,292 | 7,950 |
| University of Toronto Mississauga - Office of the Dean - Enabling Garden/ISJ* | 22,085 | 26,657 |
| Roche Canada | 20,000 | - |
| GTAA Propeller Project | 19,000 | - |
| Friends of the Greenbelt Foundation | 15,633 | 19,200 |
| Frank Fowler Foundation - Special Needs Children's Programming | 13,000 | 19,000 |
| TD Friends of the Environment | 12,000 | 5,833 |
| Gift Funds Canada - Climate Impact Fund | 12,000 | - |
| Johansen-Larsen Foundation | 10,000 | - |
| Mountain Equipment Co-op | 10,000 | - |
| Ontario Land Stewardship and Habitat Restoration Program | 8,351 | 8,351 |
| Wells Fargo | 6,408 | - |
| Province of Ontario - Great Lakes Guardian Community Fund | 5,324 | 12,000 |
| Hazel McCallion Charitable Fund | 5,000 | - |
| Suncor Energy Foundation - 20th Anniversary | - | 20,000 |
| Laidlaw Foundation - ISJ* | - | 10,000 |
| World Wildlife Fund Canada | - | 6,300 |
| The Marion & Frederick Kamm Foundation | - | 5,000 |
| Jobstart | - | 3,540 |
| Province of Ontario - Ontario 150 - Community Celebration Program | - | 2,250 |
| | \$ 895,529 | \$ 806,539 |

*ISJ - Indigenous Spirit Journey

5. EVENTS, FUNDRAISING AND SPONSORSHIPS

(continues)

THE RIVERWOOD CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2019

5. EVENTS, FUNDRAISING AND SPONSORSHIPS *(continued)*

| | 2019 | 2018 |
|---|-------------------|-------------------|
| Sponsorships | | |
| Scotts Canada Ltd. - Various Programs | \$ 31,200 | \$ 33,500 |
| Armstrong Milling Co. Ltd | 14,000 | 7,000 |
| Weston Forest | 7,500 | 5,000 |
| The Davis Group/ScotiaMcLeod | 5,000 | 5,000 |
| Suncor Energy | 5,000 | 500 |
| Applied Electronics Ltd. | 2,000 | - |
| Fielding Environmental | 2,000 | - |
| VCOMP | 1,000 | 1,000 |
| Ron Starr | 1,000 | 1,000 |
| Krantzberg Great Lakes Consulting | 1,000 | - |
| Inново Professional Corporation | 1,000 | 1,000 |
| Bellweather Family Wealth | 1,000 | - |
| Cooksville Hyundai | - | 5,000 |
| E.O.E. Group Inc. | - | 2,500 |
| Alectra Utilities | - | 1,000 |
| Other | 2,000 | 1,000 |
| | 73,700 | 63,500 |
| | | |
| Events & Fundraising | | |
| Summit Garden Chinese Cuisine | 25,122 | - |
| Whole Foods Market | 15,399 | 8,750 |
| Erin Mills Town Centre | 8,365 | - |
| Dogtopia | - | 1,000 |
| Fluffy Carnivore | - | 1,000 |
| Other (including Garden Soiree and High Tea ticket sales) | 41,674 | 58,784 |
| | 90,560 | 69,534 |
| | | |
| Grand total | \$ 164,260 | \$ 133,034 |

6. OTHER REVENUE

Other revenue includes interest earned on endowment funds controlled by the Community Foundation of Mississauga that are not reported as assets of the Conservancy. As of December 31, 2019, the endowment balance was \$70,055 (2018 - \$64,429).

THE RIVERWOOD CONSERVANCY

Notes to Financial Statements

Year Ended December 31, 2019

7. LEASE COMMITMENTS

The existing agreements between the Conservancy and the City of Mississauga for the management, operation and use of the Chappell Estate House and the MacEwan House both expired on March 31, 2013. The Conservancy exercised its option to renew both agreements for an additional term of 5 years by way of a letter to the City of Mississauga dated March 20, 2013. While the City acknowledged receipt of the March 20, 2013 letter, no formal confirmation of renewal has been received. To date, no additional letters or agreements have been signed to acknowledge a further extension as the Conservancy and the City discuss the management and operations agreement while the Conservancy continues to manage, operate and use both properties under the assumption that the agreements will be renewed.

The annual fees payable to the City for the management and operation of the Chappell Estate House are \$8,000 plus applicable taxes. The annual fees for the MacEwan House are \$2.00 plus applicable taxes.

8. FINANCIAL INSTRUMENTS

The Conservancy is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Conservancy's risk exposure and concentration as of December 31, 2019.

(a) Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Conservancy would receive or pay to settle a financial asset or financial liability at the reporting date.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values.

(b) Liquidity risk

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

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Conservancy manages exposure through its normal operating and financing activities. The Conservancy is exposed to interest rate risk primarily through its bank and investment accounts.
