



Walpole Island Land Trust

Financial Statements

December 31, 2019

Walpole Island Land Trust

December 31, 2019

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Independent Auditor's Report

To The Directors Of Walpole Island Land Trust

Qualified Opinion

We have audited the financial statements of Walpole Island Land Trust, (the "Trust") which comprise the statement of financial position as at December 31, 2019 and the statements of operations, 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 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 Trust as at December 31, 2019, and the results of its operations and its cash flows for the year ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

The Trust derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to total revenue, excess of revenue over expenditures, and net assets for the years ending December 31, 2019, and December 31, 2018.

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

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

AUDIT • TAX • ADVISORY

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Independent Auditor's Report cont'd....*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 Trust'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 Trust'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 Trust 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.



Sarnia, Ontario
February 11, 2022

Chartered Professional Accountants
Licensed Public Accountants

Walpole Island Land Trust
Statement Of Operations
For The Year Ended December 31, 2019

	2019	2018
Revenue		
Donations and grants	\$ 43,175	\$ 3,891
Deferred lease revenue	<u>4,285</u>	<u>4,285</u>
	<u>47,460</u>	<u>8,176</u>
Expenditures		
Bank charges and interest	3	-
Conferences	12,444	500
Conservation lease	4,285	4,285
Honorarium	1,400	-
Land projects	20,818	-
Office	371	191
Professional fees	3,258	3,200
Promotional	4,684	-
Transportation	<u>197</u>	<u>-</u>
	<u>47,460</u>	<u>8,176</u>
Excess Of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ -</u>

Walpole Island Land Trust
Statement Of Changes In Net Assets
For The Year Ended December 31, 2019

	2019	2018
Balance, Beginning	\$ 103,861	\$ 103,861
Excess Of Revenue Over Expenditures	<u> -</u>	<u> -</u>
Balance, Ending	<u>\$ 103,861</u>	<u>\$ 103,861</u>

Walpole Island Land Trust
Statement of Financial Position
December 31, 2019

	2019	2018
Assets		
Current Assets		
Cash	\$ 14,757	\$ 32,459
Prepaid expenses	<u>-</u>	<u>4,285</u>
	14,757	36,744
Land	<u>109,622</u>	<u>109,622</u>
	\$ 124,379	\$ 146,366
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,200	\$ 3,200
Deferred revenue (note 2)	<u>17,318</u>	<u>35,020</u>
	20,518	38,220
Deferred lease funding (note 3)	<u>-</u>	<u>4,285</u>
	20,518	42,505
Net Assets	<u>103,861</u>	<u>103,861</u>
	\$ 124,379	\$ 146,366

Subsequent events (note 5)

On Behalf Of The Board

 President

 Treasurer

Walpole Island Land Trust
Statement of Cash Flows
For The Year Ended December 31, 2019

	2019	2018
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	\$ -	\$ -
Net change in non-cash working capital items affecting operations:		
Prepaid expenses	4,285	4,285
Deferred revenue	<u>(17,702)</u>	<u>17,162</u>
	<u>(13,417)</u>	<u>21,447</u>
Financing Activities		
Deferred lease funding	<u>(4,285)</u>	<u>(4,285)</u>
Increase (Decrease) In Cash Position	(17,702)	17,162
Cash Position, Beginning	<u>32,459</u>	<u>15,297</u>
Cash Position, Ending	<u>\$ 14,757</u>	<u>\$ 32,459</u>

Nature Of Activities

Walpole Island Land Trust is incorporated under the Canada Not-For-Profit Corporations Act as a non-profit organization. It is a Canada Revenue Agency registered charity (82255 8953-RR0001), which is exempt from Canadian income taxes. Walpole Island Land Trust is an organization whose purpose is to protect areas of ecological value in order to ensure the protection of plants and animals and to maintain ecological systems for the benefit of the current and future generations.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Revenue Recognition

The Trust follows the deferral method of accounting for contributions, which include donations, grants and other revenue. 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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. All revenues are recognized only after collectability is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term deposits with initial maturity terms equal to or less than 90 days.

Financial Instruments

The Trust initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. The Trust subsequently measures all its financial instruments at amortized cost. Financial instruments measured at amortized cost include cash and accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any writedown, if any, is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in the statement of operations. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

Use Of Estimates

The preparation of financial statements in accordance 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 year. The significant estimates are the estimates for accounts payable and accrued liabilities. Actual results could differ from those estimates.

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Walpole Island Land Trust
Notes To Financial Statements
December 31, 2019

2. Deferred Revenue	2019	2018
Balance, beginning of the year	\$ 35,020	\$ 17,859
Less: amounts recognized as revenue during the year	39,233	3,891
Plus: amount received related to the following	<u>21,531</u>	<u>21,052</u>
Balance, end of the year	<u>\$ 17,318</u>	<u>\$ 35,020</u>

This balance represents funds received for which the related expenditure has not yet been made and consists of the following:

East Lake St. Clair Wind LP	\$ 8,506	\$ 17,009
ERIEAU Wind LP	4,253	8,506
Pointe-Aux-Roches Wind LP	<u>4,559</u>	<u>9,505</u>
	<u>\$ 17,318</u>	<u>\$ 35,020</u>

3. Deferred Lease Funding

The Trust entered into a lease for a parcel of land. The lease expires November, 2019. The total lease was paid in advance as funding was made available to do so. The annual cost of \$4,285 will be expensed in the period associated with the expenditure. Funding totaling \$42,850 has been obtained, with the restriction from the contributor that it be used to pay the lease costs for this parcel of land. This donation will be recognized in revenue in the same period as the associated lease expense in the amount of \$4,285.

	2019	2018
Balance of Deferred Lease Funding	\$ <u> -</u>	\$ <u> 4,285</u>

4. Financial Instruments Risks Disclosures

The main risks the Trust's financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

The Trust is exposed to credit risk in the event of non-payment by their contributors in relation to their signed funding agreements. The Trust believes there is minimal risk associated with these amounts as all funding agreements are received as scheduled with no outstanding balances at year end.

Notes continued on page 9....

4. Financial Instruments Risks Disclosures cont'd...

Liquidity Risk

Liquidity risk relates to the risk the Trust will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Market Risk (Price Risk)

Market risk is the risk that changes in market prices and interest rates will affect the Trust's net assets or the value of financial instruments. These risks are generally outside the control of the Trust. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust's financial instruments are all in Canadian dollars and consequently the Trust has no currency risk.

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. The Trust is not exposed to interest rate risk.

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 currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

There have been no significant changes to the risk exposures from the prior year.

5. Subsequent Events

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Trust's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Trust's operations. The extent of the impact of this outbreak and related containment measures on the Trust's operations cannot be reliably estimated at this time.

On November 6, 2021 the Canada Revenue Agency revoked the Trust's charity status. Management is currently in process of applying for re-registration.