

**The Bruce Trail Conservancy**

**Financial Statements**

**Year ended June 30, 2024**



September 21, 2024

## Independent Auditor's Report

To the Directors of The Bruce Trail Conservancy

### **Opinion**

We have audited the financial statements of The Bruce Trail Conservancy (the "Conservancy"), which comprise the statement of financial position as at June 30, 2024, and the statements of changes in fund balances, operations and cash flows, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Bruce Trail Conservancy as at June 30, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

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 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 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 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.

## Independent Auditor's Report, 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 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.

*Pettinelli Martuscioli LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

**Hamilton, Ontario**

# The Bruce Trail Conservancy

## Statement of Financial Position

June 30, 2024, with comparative information for 2023


	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	Total June 30	
						2024	2023
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 4,690,075	\$ 7,524,081	\$ 3,491	\$ 299,833	\$ -	\$ 12,517,480	\$ 11,919,205
Accounts receivable	5,476	2,430,829	-	-	-	2,436,305	34,126
Merchandise inventory (Note 2)	204,312	-	-	-	-	204,312	125,871
Prepaid expenses and deposits	191,523	71,587	-	-	-	263,110	217,950
Land held for sale	-	700,000	-	-	-	700,000	943,586
	<u>5,091,386</u>	<u>10,726,497</u>	<u>3,491</u>	<u>299,833</u>	<u>-</u>	<u>16,121,207</u>	<u>13,240,738</u>
Restricted cash and investments (Note 3)	-	500,000	-	370,400	-	870,400	2,040,810
Investments (Note 3)	-	-	1,338,390	6,365,460	233,619	7,937,469	5,915,133
Cash and investments held for endowment (Note 3 and 10)	-	-	-	-	975,475	975,475	539,497
Capital assets (Note 4)	55,187	62,791,421	-	-	-	62,846,608	50,586,467
Intangible assets (Note 5)	195,396	-	-	-	-	195,396	178,083
	<u>\$ 5,341,969</u>	<u>\$ 74,017,918</u>	<u>\$ 1,341,881</u>	<u>\$ 7,035,693</u>	<u>\$ 1,209,094</u>	<u>\$ 88,946,555</u>	<u>\$ 72,500,728</u>
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued liabilities (Note 6)	\$ 301,876	\$ 207,789	\$ -	\$ -	\$ -	\$ 509,665	\$ 530,107
Deferred membership revenue (Note 7)	125,170	-	-	-	-	125,170	161,750
Deferred contributions and grants (Note 8)	-	96,286	-	-	-	96,286	118,319
	<u>427,046</u>	<u>304,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731,121</u>	<u>810,176</u>
Deferred membership revenue (Note 7)	407,165	-	-	-	-	407,165	355,715
	<u>834,211</u>	<u>304,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,138,286</u>	<u>1,165,891</u>
<b>Fund Balances</b>							
Unrestricted	4,257,175	10,501,663	-	-	-	14,758,838	11,999,914
Internally restricted	-	-	1,341,881	6,665,293	233,619	8,240,793	6,113,196
Externally restricted (Notes 3 and 10)	-	500,000	-	370,400	-	870,400	2,040,810
Endowments (Notes 10 and 11)	-	-	-	-	975,475	975,475	499,614
Invested in capital and intangible assets (Note 12)	250,583	62,712,180	-	-	-	62,962,763	50,681,303
	<u>4,507,758</u>	<u>73,713,843</u>	<u>1,341,881</u>	<u>7,035,693</u>	<u>1,209,094</u>	<u>87,808,269</u>	<u>71,334,837</u>
	<u>\$ 5,341,969</u>	<u>\$ 74,017,918</u>	<u>\$ 1,341,881</u>	<u>\$ 7,035,693</u>	<u>\$ 1,209,094</u>	<u>\$ 88,946,555</u>	<u>\$ 72,500,728</u>
Commitments (Note 13)							
Contingencies (Note 14)							

See accompanying notes to financial statements.

### Approved by the Board:



Leah Myers, Board Chair



Heidi Bischof, Chair of Finance & Risk

# The Bruce Trail Conservancy

## Statement of Changes in Fund Balances

Year ended June 30, 2024, with comparative information for 2023

	Year ended June 30, 2024					Total
	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	
Fund balance, beginning of year	\$ 1,149,059	\$ 63,224,692	\$ 1,157,157	\$ 5,391,291	\$ 412,638	\$ 71,334,837
Excess of revenues over expenses for the year	3,358,699	1,503,063	63,724	797,056	82,941	5,805,483
Donations and grants restricted for the purchase of land and easements (Note 9 and 10)	-	9,322,088	-	-	-	9,322,088
Donations of land and easements (Note 10)	-	870,000	-	-	-	870,000
Endowment contributions (Note 10)	-	-	-	-	475,861	475,861
Interfund transfer of endowment (Note 15)	-	-	-	(100,000)	100,000	-
Interfund transfers (Note 15)	-	(1,206,000)	121,000	947,346	137,654	-
Fund balance, end of year	<u>\$ 4,507,758</u>	<u>\$ 73,713,843</u>	<u>\$ 1,341,881</u>	<u>\$ 7,035,693</u>	<u>\$ 1,209,094</u>	<u>\$ 87,808,269</u>

	Year ended June 30, 2023					Total
	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	
Fund balance, beginning of year	\$ 284,811	\$ 52,248,000	\$ 1,061,427	\$ 4,024,288	\$ -	\$ 57,618,526
Excess of revenues over expenses for the year	864,248	4,477,272	30,730	824,414	13,024	6,209,688
Donations and grants restricted for the purchase of land and easements (Note 9 and 10)	-	6,977,009	-	-	-	6,977,009
Donations of land and easements (Note 10)	-	130,000	-	-	-	130,000
Endowment contributions (Note 10)	-	-	-	-	399,614	399,614
Interfund transfers (Note 15)	-	(607,589)	65,000	542,589	-	-
Fund balance, end of year	<u>\$ 1,149,059</u>	<u>\$ 63,224,692</u>	<u>\$ 1,157,157</u>	<u>\$ 5,391,291</u>	<u>\$ 412,638</u>	<u>\$ 71,334,837</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Statement of Operations

Year ended June 30, 2024, with comparative information for 2023

	Capacity Fund	Conservation Fund	Contingency Reserve Fund	Land Stewardship Reserve Fund	Trail Development and Maintenance Fund	Total	
						2024	Year ended June 30 2023
<b>Revenues</b>							
Donations of cash and securities (Note 10)	\$ 3,365,040	\$ 4,426,098	\$ -	\$ -	\$ -	\$ 7,791,138	\$ 8,326,011
Interest and realized investment income	130,836	655,169	58,356	195,914	27,138	1,067,413	679,195
Membership dues - Conservancy's portion	565,814	-	-	-	-	565,814	570,622
Bruce Trail Enterprises	376,879	-	-	-	-	376,879	317,147
Grants	-	119,795	-	-	-	119,795	160,634
Membership dues - Clubs' portion	118,493	-	-	-	-	118,493	125,674
Rental income	-	63,150	-	-	-	63,150	54,018
Miscellaneous income	12,201	1,500	-	-	-	13,701	-
	<u>4,569,263</u>	<u>5,265,712</u>	<u>58,356</u>	<u>195,914</u>	<u>27,138</u>	<u>10,116,383</u>	<u>10,233,301</u>
<b>Expenses (Note 16)</b>							
Land stewardship	-	854,680	-	-	-	854,680	525,187
Fundraising	-	778,932	-	-	-	778,932	664,339
Land securement	-	457,879	-	-	-	457,879	361,028
Administrative salaries and benefits	404,485	-	-	-	-	404,485	397,635
Member and public outreach	-	304,056	-	-	-	304,056	381,188
Communications and engagement	-	294,631	-	-	-	294,631	299,809
Board, committee and member meetings	-	280,382	-	-	-	280,382	231,058
Computer equipment and services	122,313	81,578	-	-	-	203,891	157,210
Bruce Trail Enterprises	201,049	-	-	-	-	201,049	209,369
Trail development and maintenance	-	144,238	-	-	-	144,238	251,817
Bruce Trail Magazine	-	124,573	-	-	-	124,573	142,090
Clubs' share of membership dues	118,493	-	-	-	-	118,493	125,674
Rent, utilities and maintenance	70,919	47,302	-	-	-	118,221	112,874
Insurance	69,882	46,608	-	-	-	116,490	113,604
Volunteer management	-	114,957	-	-	-	114,957	121,794
Landowner relations	-	104,362	-	-	-	104,362	114,420
Professional and investment management fees	19,823	13,222	5,323	48,052	3,854	90,274	75,338
Land management and property taxes	-	90,154	-	-	-	90,154	160,117
Bank and service charges	44,033	29,368	-	-	-	73,401	61,354
Amortization of capital assets	23,562	49,179	-	-	-	72,741	58,995
Office and administrative expenses	33,591	22,402	-	-	-	55,993	60,484
Donations forwarded to clubs	45,531	-	-	-	-	45,531	40,650
Amortization of intangible assets	39,960	-	-	-	-	39,960	17,116
Life insurance	15,216	-	-	-	-	15,216	13,476
	<u>1,208,857</u>	<u>3,838,503</u>	<u>5,323</u>	<u>48,052</u>	<u>3,854</u>	<u>5,104,589</u>	<u>4,696,626</u>
Excess of revenues over expenses from operations	<u>3,360,406</u>	<u>1,427,209</u>	<u>53,033</u>	<u>147,862</u>	<u>23,284</u>	<u>5,011,794</u>	<u>5,536,675</u>
<b>Other income (expenses)</b>							
Increase in unrealized gains from investments	-	-	10,691	649,194	59,657	719,542	676,410
Gain on sale of capital assets	-	72,986	-	-	-	72,986	-
Amortization of deferred capital contributions	-	4,006	-	-	-	4,006	2,003
Foreign currency exchange loss	(1,707)	(1,138)	-	-	-	(2,845)	(5,400)
	<u>(1,707)</u>	<u>75,854</u>	<u>10,691</u>	<u>649,194</u>	<u>59,657</u>	<u>793,689</u>	<u>673,013</u>
Excess of revenues over expenses for the year	<u>\$ 3,358,699</u>	<u>\$ 1,503,063</u>	<u>\$ 63,724</u>	<u>\$ 797,056</u>	<u>\$ 82,941</u>	<u>\$ 5,805,483</u>	<u>\$ 6,209,688</u>

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Statement of Cash Flows

Year ended June 30, 2024, with comparative information for 2023

	Year ended June 30	
	2024	2023
Operating activities		
Excess of revenues over expenses for the year	\$ 5,805,483	\$ 6,209,688
Items not involving cash:		
Amortization of capital assets	72,741	58,995
Amortization of intangible assets	39,960	17,116
Amortization of deferred capital contributions	(4,006)	(2,003)
Increase in unrealized gains from investments	(719,542)	(676,410)
Gain on sale of capital assets	(72,986)	-
Recognition of deferred contributions and grants related to expenses of future periods (Note 8)	(30,072)	-
	<u>5,091,578</u>	<u>5,607,386</u>
Net change in non-cash working capital balances relating to operations:		
Increase in accounts receivable	(2,402,179)	(30,259)
Increase in merchandise inventory	(78,441)	(60,933)
Increase in prepaid expenses and deposits	(45,160)	(7,594)
Decrease in accounts payable and accrued liabilities	(20,442)	(20,762)
Increase (decrease) in deferred membership revenue	14,870	(35,726)
	<u>2,560,226</u>	<u>5,452,112</u>
Financing activities		
Contributions and grants received for capital expenditures and expenses of future periods (Note 8)	12,045	120,322
Donations and grants restricted for the purchase of land and easements	9,322,088	6,977,009
Endowment contributions	475,861	399,614
	<u>9,809,994</u>	<u>7,496,945</u>
Investing activities		
Proceeds on sale of land assets, net	1,966,572	-
Purchase of investments, net	(1,689,556)	(1,394,387)
Purchase of land and easements	(11,414,266)	(5,871,626)
Purchase of land held for sale	(1,650,000)	-
Purchase of other capital assets	(48,616)	(175,327)
Purchase of intangible assets	(57,273)	-
	<u>(12,893,139)</u>	<u>(7,441,340)</u>
Increase (decrease) in cash and cash equivalents	(522,919)	5,507,717
Cash and cash equivalents, beginning of year	<u>13,720,855</u>	<u>8,213,138</u>
Cash and cash equivalents, end of year	<u>\$ 13,197,936</u>	<u>\$ 13,720,855</u>
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 12,517,480	\$ 11,919,205
Restricted cash (Note 3)	500,000	1,692,534
Cash held for endowment (Note 3 and 10)	<u>180,456</u>	<u>109,116</u>
	<u>\$ 13,197,936</u>	<u>\$ 13,720,855</u>

Non-cash transactions include the acquisition of land assets from in-kind donations in the amount of \$870,000 (2023 - \$130,000).

See accompanying notes to financial statements.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### Nature of operations

The Bruce Trail Conservancy (the "Conservancy") is a charitable organization working to preserve a ribbon of wilderness, for everyone, forever, along the route of the Bruce Trail secured within a permanently protected natural corridor along the Niagara Escarpment.

The Conservancy was incorporated on March 13, 1963 under Ontario Letters Patent and is exempt from income tax as a registered charity under the Income Tax Act.

### 1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The significant accounting policies of the Conservancy are detailed as follows:

#### Cash and cash equivalents

Cash and cash equivalents are defined to include cash on hand and bank account balances with financial institutions, net of outstanding cheques and deposits. Cash and cash equivalents also include short-term deposits which are highly liquid with original maturities of less than three months.

#### Merchandise inventory

Merchandise inventory consists of finished goods and merchandise in production. Finished goods are valued at the lower of cost and net realizable value where cost is determined using the weighted average method. Merchandise in production consists of expenditures for merchandise not yet completed or delivered to the Conservancy.

#### Investments

Investments are recorded at their fair value.

#### Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful lives of these assets and is determined using the following annual rates and methods:

Furniture, fixtures and equipment	20% Declining balance
Computer equipment and software	30% Declining balance
Fences	10 years Straight-line
Leasehold improvements	10 years Straight-line
Buildings	30 years Straight-line
Pedestrian bridge	40 years Straight-line
Parking lots	10 years Straight-line
Donor wall	10 years Straight-line



# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 1. Significant accounting policies, continued

#### Capital assets, continued

Capital assets under development are not amortized until the assets are substantially complete and available for use. At such time the capital assets will be amortized at a method and rate designed to amortize the cost of the assets over their estimated useful lives.

Land and easements are not amortized. Expenditures for maintenance and repairs are charged to excess of revenues over expenses as incurred.

On occasion and as part of the Conservancy's strategic initiatives to secure targeted land along the route of the Bruce Trail, certain parcels are secured which will not be retained. When land is not expected to be retained it is presented as land held for sale when management commits to a plan to sell at a reasonable price and locate a buyer, it is available for sale immediately, the sale is likely to occur within one year and it is unlikely that there will be a significant change to the plan. Land held for sale is not amortized, is measured at the lower of its carrying amount or fair value less cost to sell and is presented as a current asset in the statement of financial position. When circumstances relating to land previously presented as held for sale change substantially and it is no longer likely that the sale will occur within one year, the land is presented with other capital assets as long-term in the statement of financial position.

#### Intangible assets

Intangible assets are recorded at cost and amortized on the basis of their useful life using the straight-line method at the following rates, except for trademarks which are not amortized given their indefinite life:

Website	5 years Straight-line
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#### Impairment of long-lived assets

Long-lived assets, which are comprised of capital assets and intangible assets, are tested 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 undiscounted 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 carrying value exceeds its fair value. When quoted market prices are not available, the Conservancy uses the expected future cash flows discounted at market rates commensurate with the risk associated with the recovery of the asset as an estimate of fair value.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 1. Significant accounting policies, continued

#### Revenue recognition

The Conservancy follows the deferral method of accounting for contributions.

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.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related expenditures have not yet been made are recorded as deferred contributions. Contributions restricted for the purchase of depreciable capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

Restricted contributions for the purchase of land and easements and donations of land and easements in-kind are reported as a direct increase in the corresponding fund's balance.

Endowment contributions are reported as a direct increase in the corresponding fund's balance in the year received. Investment income earned on endowments is reported in the statement of operations and is used in accordance with the purposes established by the donors.

#### Fund accounting

The Conservancy utilizes fund accounting and has established the following funds:

##### (i) Capacity Fund

The Capacity Fund is responsible for the administrative activities of the Conservancy. Revenue is generated from memberships sold, unrestricted donations, restricted donations designated to this fund by donors and the sale of merchandise by Bruce Trail Enterprises.

##### (ii) Conservation Fund

The Conservation Fund is responsible for carrying out the program delivery associated with the management, stewardship and acquisition of properties along the Bruce Trail. Land and properties owned by the Conservancy and the revenues and expenses related to program delivery are reported in the Conservation Fund.

##### (iii) Contingency Reserve Fund

The Contingency Reserve Fund is an internally restricted fund to be used to cover the operations of the Conservancy in the event that there is an unforeseen circumstance that impacts its ability to generate cash flows for a period of time, or to support operating deficiencies and working capital requirements, at the discretion of the Board of Directors. Investment income earned by the fund is distributed as determined by the Board of Directors.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 1. Significant accounting policies, continued

#### Fund accounting, continued

##### (iv) Land Stewardship Reserve Fund

The Land Stewardship Reserve Fund is an internally restricted fund to be used to fund future stewardship costs relating to the Conservancy's property holdings. Beginning in fiscal 2011, the Board of Directors approved a motion to adopt a policy to transfer approximately 10% (subject to variance based on review and final approval by the Board of Directors) of the cost of land secured, or received as a donation, in any fiscal year from the Conservation Fund to the Land Stewardship Reserve Fund.

##### (v) Trail Development and Maintenance Fund

The Trail Development and Maintenance Fund is an internally restricted fund responsible for the costs of developing and maintaining the Bruce Trail. Contributions and expenses directly related to these objectives are reported in the Trail Development and Maintenance Fund.

#### Donated services

The work of the Conservancy is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Conservancy and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

#### Government assistance

Government assistance provided for non-capital expenses of the current period have been accounted for in the excess of revenues over expenses. Government assistance received related to expenses of future periods is initially deferred and subsequently recognized to the excess of revenues over expenses as eligible expenditures are incurred.

#### Employee retirement matching program

All permanent full-time employees of the Conservancy are eligible for the employee retirement matching program. Contributions made by the Conservancy on behalf of eligible and participating employees are included in the excess of revenues over expenses from operations when incurred.

#### 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 statement of financial position date and the reported amounts of revenues and expenses for the year. Significant items subject to estimates and assumptions include the valuation of land and the useful life of capital assets. Due to the inherent uncertainty of making estimates, actual results could differ from those estimates.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 1. Significant accounting policies, continued

#### Financial instruments

##### (i) Measurement of financial instruments

The Conservancy initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Conservancy is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Conservancy in the transaction.

The Conservancy subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in excess of revenues over expenses in the period incurred. Financial assets measured at amortized cost include cash and cash equivalents, restricted cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The Conservancy has not elected to carry any such financial instruments at fair value.

##### (ii) Impairment

For financial assets measured at cost or amortized cost, the Conservancy determines whether there are indications of possible impairment. When there is an indication of impairment, and the Conservancy determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the excess of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the excess of revenues over expenses.

##### (iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenues over expenses in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments. Transaction costs related to financial instruments subsequently measured at amortized cost are recognized in the excess of revenues over expenses over the life of the instrument using the straight-line method.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 2. Merchandise inventory

	June 30	
	2024	2023
Finished goods	\$ 196,361	\$ 62,355
Merchandise in production	7,951	63,516
	<u>\$ 204,312</u>	<u>\$ 125,871</u>

### 3. Restricted cash and investments

	2024		2023	
	Market	Cost	Market	Cost
Canadian Equity SRI Fund	\$ 4,491,410	\$ 3,530,566	\$ 3,254,954	\$ 2,683,364
Global Equity SRI Fund	3,019,315	2,546,931	2,148,037	1,998,763
Money Market Fund	980,198	981,977	765,677	767,838
Bond Fund	503,067	556,454	425,280	484,887
Total Return Bond Fund	108,898	114,133	99,842	109,232
	<u>\$ 9,102,888</u>	<u>\$ 7,730,061</u>	<u>\$ 6,693,790</u>	<u>\$ 6,044,084</u>

As at the year-end date, the Conservancy held cash of \$500,000 (2023 - \$1,692,534) from donations and grants restricted for the future purchase of land and easements.

The Conservancy has received grants in connection with the stewardship of specific properties. Pursuant to certain land stewardship agreements, an aggregate amount of approximately \$300,000 is required to be retained and is restricted for such purpose. As at the year-end date, \$370,400 (2023 - \$348,276) has been recorded as restricted cash and investments related to specific land stewardship agreements. Investment income earned on these funds must also be utilized for land stewardship purposes.

During the year, the Conservancy received endowment contributions of \$475,861 (2023 - \$399,614) in connection with the establishment of the Trail Development and Maintenance Fund, of which \$180,456 (2023 - \$109,116) was held as cash for future investment as at the year-end date.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 4. Capital assets

#### Capacity Fund

	Cost	Accumulated amortization	June 30	
			2024 Net book value	2023 Net book value
Computer equipment and software	\$ 197,635	\$ (166,654)	\$ 30,981	\$ 32,687
Leasehold improvements	72,651	(59,879)	12,772	20,367
Furniture, fixtures and equipment	81,000	(69,566)	11,434	14,289
	<u>\$ 351,286</u>	<u>\$ (296,099)</u>	<u>\$ 55,187</u>	<u>\$ 67,343</u>

#### Conservation Fund

	Cost	Accumulated amortization	June 30	
			2024 Net book value	2023 Net book value
Land and easements	\$ 62,107,767	\$ -	\$ 62,107,767	\$ 49,823,502
Pedestrian bridge	458,735	(159,149)	299,586	311,054
Buildings	436,308	(258,437)	177,871	192,729
Fences	152,148	(30,229)	121,919	98,063
Donor wall	71,055	(7,106)	63,949	71,055
Parking lots	23,917	(3,588)	20,329	22,721
	<u>\$ 63,249,930</u>	<u>\$ (458,509)</u>	<u>\$ 62,791,421</u>	<u>\$ 50,519,124</u>

During the year the Conservancy obtained two easements through donation and acquisition which have been included as part of land and easements in the Conservation Fund at a carrying amount of \$2.

As at June 30, 2024, the Conservancy owned 209 parcels (2023 - 193 parcels), including severed portions held for sale, totaling 9,646 acres (2023 - 8,709 acres).

Management is in the process of severing two properties held by the Conservancy in order to effect the sale of the houses on the severed portion of those properties. The total approximate carrying value of the properties that will be sold is \$2,800,000. Upon completion, when the properties are ready for sale, the carrying value will be transferred to land held for sale on the statement of financial position until disposal. Management anticipates that the process to sever and sell both of the properties will take less than one year to complete.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 5. Intangible assets

#### Capacity Fund

			June 30	
	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Website	\$ 228,432	\$ (57,075)	\$ 171,357	\$ 154,044
Trademarks	24,039	-	24,039	24,039
	<u>\$ 252,471</u>	<u>\$ (57,075)</u>	<u>\$ 195,396</u>	<u>\$ 178,083</u>

Trademarks represent the costs associated with application and filing for certain trademarks used by the Conservancy. These trademarks represent an intangible asset to the Conservancy with an indefinite life and therefore no amortization has been taken.

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$16,786 (2023 - \$2,613), which includes amounts payable for sale taxes, payroll related taxes and WSIB premiums.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 7. Deferred membership revenue

The Conservancy offers three membership options. These options include a one year, a three year, or a life membership. One year memberships are recognized as revenue in the year in which they are issued. Three year memberships are recognized as revenue evenly over three years. With the purchase of a three year membership, members save \$15 (2023 - \$15) on the total cost. The discount is recognized evenly over the three year membership period. The membership revenue attributable to the life memberships is recognized evenly over 20 years. Irrespective of the membership option selected, \$11 (2023 - \$11) from each membership fee is paid annually to a Bruce Trail Conservancy club of the member's choosing. Deferred membership revenue is comprised of the following:

	June 30	
	2024	2023
Current:		
Three year memberships	\$ 96,547	\$ 136,088
Life memberships	<u>28,623</u>	<u>25,662</u>
	<u>125,170</u>	<u>161,750</u>
Long-term:		
Three year memberships	54,943	41,560
Life membership	<u>352,222</u>	<u>314,155</u>
	<u>407,165</u>	<u>355,715</u>
	<u>\$ 532,335</u>	<u>\$ 517,465</u>

Included in deferred membership revenue at the year-end date were the following amounts which are eventually owing to the Bruce Trail Conservancy clubs (refer to Note 18):

	June 30	
	2024	2023
Three year memberships - current portion	\$ 13,512	\$ 31,247
Three year memberships - long-term portion	9,229	7,557
Life memberships - current portion	6,186	5,680
Life memberships - long-term portion	<u>73,682</u>	<u>67,746</u>
	<u>\$ 102,609</u>	<u>\$ 112,230</u>



# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 8. Deferred contributions and grants

Deferred contributions and grants represent unspent externally restricted donations, grants and other contributions related to expenses of future periods. Deferred capital contributions represent the unamortized amount of restricted contributions that the Conservancy received to acquire depreciable capital assets. The change in the balance of deferred contributions and grants is as follows:

	June 30	
	2024	2023
Deferred contributions:		
Balance, beginning of year	\$ 35,072	\$ -
Add: Contributions and grants received and deferred	12,045	35,072
Less: Contributions recognized as revenue	<u>(30,072)</u>	<u>-</u>
Balance, end of year	<u>17,045</u>	<u>35,072</u>
Deferred capital contributions:		
Balance, beginning of year	83,247	-
Add: Contributions received during the year for capital asset purchases	-	85,250
Less: Amortization of deferred capital contributions	<u>(4,006)</u>	<u>(2,003)</u>
Balance, end of year	<u>79,241</u>	<u>83,247</u>
	<u>\$ 96,286</u>	<u>\$ 118,319</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 9. Environment and Climate Change Canada grant

During the 2023 fiscal year, the Conservancy entered into an agreement with Environment and Climate Change Canada ("ECCC") for a significant multi-year funding source until March 31, 2027. ECCC has committed to provide up to a maximum amount of \$7,351,966 in cash in accordance with the March 2024 agreement amendment. As part of the terms of the agreement, to receive the maximum funding the Conservancy will have to raise and match the committed amount. The agreement specifies that the Conservancy will support the objectives of ECCC to reduce Canadian greenhouse gas emissions and ensure Canada's wildlife and habitat is conserved and protected. The Conservancy can spend this funding on eligible expenditures as specified by the agreement. During the year ended June 30, 2024, the Conservancy recognized \$2,851,966 (2023 - \$1,000,000) as a direct increase to the Conservation Fund on the statement of changes in fund balances as the amount was intended and approved for the purchase of land and easements. As at June 30, 2024, \$2,426,966 (2023 - \$Nil) of the amount recognized during the year had not been received and was included in accounts receivable on the statement of financial position. The outstanding receivable amount was subsequently received after the financial statements year-end date of June 30, 2024.

The funding is subject to review by ECCC and its related authorities. Any resulting adjustments or required repayments that may result from such a review will be reflected in the year of settlement.

### 10. Donations, grants and other contributions

During the year the Conservancy received donations, donations of land and easements in-kind, and endowment contributions totaling \$14,777,168 (2023 - \$14,304,922). The donations have been accounted for as restricted or unrestricted based upon the intentions of the donor.

#### (i) Restricted for the purchase of land and easements and land securement

Consistent with the Conservancy's ongoing operations and strategic objectives, donations restricted for the purchase of land and easements and donations of land and easements in-kind were received during the year. Donations restricted for the purchase of land and easements and donations of land and easements in-kind amounted to \$5,640,169 (2023 - \$5,449,297) and \$870,000 (2023 - \$130,000) respectively. In addition, the Conservancy received \$3,681,919 (2023 - \$1,527,712) in grant funding related to the acquisition of land and easements. In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, these restricted donations for the purchase of non-depreciable capital assets have been accounted for as a direct increase in the year-end fund balance of the Conservation Fund and therefore are not reflected as revenue in the statement of operations.

#### (ii) Unrestricted

The Conservancy received \$7,791,138 (2023 - \$8,326,011) in unrestricted donations which have been recognized as revenue in the statement of operations in the current year. Unrestricted donations can be utilized by the Conservancy for any required purpose including the support of administration, operations and strategic initiatives.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 10. Donations, grants and other contributions, continued

#### (iii) Endowment contributions

During the year, the Conservancy received and recognized \$475,861 (2023 - \$399,614) in endowment contributions related to the Trail Development and Maintenance Fund's endowment fund. Of this amount, \$296,848 (2023 - \$200,817) was received from The Dana-Zara Fund, which has pledged to match the endowments raised by the Conservancy until June 30, 2025 to a maximum of \$500,000. As at the year-end date, the total accumulated endowment contributions (excluding the interfund endowment transfer described in Note 15) related to the Trail Development and Maintenance Fund's endowment was \$875,475 (2023 - \$399,614). These funds are to be allocated to the Trail Development and Maintenance Fund and remain vested in this fund as long as the fund is in existence. Investment income generated from this endowment balance may be utilized to support trail development and maintenance initiatives.

In accordance with Canadian accounting standards for not-for-profit organizations that follow the deferral method of accounting for contributions, endowment contributions have been accounted for as a direct increase in the year-end fund balance of the Trail Development and Maintenance Fund, and therefore are not reflected as revenue in the statement of operations.

### 11. Endowments

The Conservancy's restricted endowment balances, which are included as part of the Trail Development and Maintenance Fund, are comprised of the following:

	<b>June 30</b>	
	<b>2024</b>	<b>2023</b>
Trail Development and Maintenance Fund (1182 & 1183)	\$ 875,475	\$ 399,614
Diane Nicolucci Bruce Trail Connection Fund	<u>100,000</u>	<u>100,000</u>
	<u>\$ 975,475</u>	<u>\$ 499,614</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 12. Invested in capital and intangible assets

Net assets invested in capital and intangible assets is determined as follows:

	June 30	
	2024	2023
Capital assets	\$ 62,846,608	\$ 50,586,467
Intangible assets	195,396	178,083
Amounts financed by deferred capital contributions (Note 8)	<u>(79,241)</u>	<u>(83,247)</u>
	<u>\$ 62,962,763</u>	<u>\$ 50,681,303</u>

### 13. Commitments

The Conservancy's total commitments, under various operating leases and a property lease agreement, exclusive of occupancy costs, are the following:

2025	\$ 162,500
2026	167,400
2027	169,400
2028	164,900
2029	168,200
Subsequent years	<u>371,989</u>
	<u>\$ 1,204,389</u>

### 14. Contingencies

From time to time, the Conservancy is subject to claims and other lawsuits that arise in the course of operations, some of which may seek damages of substantial amounts. It is expected that any successful claims would be covered pursuant to the Conservancy's insurance policies. As at June 30, 2024, based on management's assessment, there were no outstanding claims that would likely cause an economic loss to the Conservancy and therefore no amount has been accrued in the financial statements.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 15. Interfund transfers

Consistent with the Conservancy's policy, the Board of Directors recognized and carried out the following fund transfers:

- ♦ from the Conservation Fund to the Land Stewardship Reserve Fund in the amount of \$985,000 (2023 - \$542,589)
- ♦ from the Conservation Fund to the Contingency Reserve Fund in the amount of \$121,000 (2023 - \$65,000)
- ♦ from the Conservation Fund to the Trail Development and Maintenance Fund in the amount of \$100,000 (2023 - \$Nil)

These transfers were made to support the Conservancy's initiatives and policies as described in the fund accounting section of Note 1(iv) as related to the Land Stewardship Reserve Fund in addition to supporting other objectives of the Conservancy.

During the year, the Board of Directors determined that the previously contributed endowment related to the Diane Nicolucci Bruce Trail Connection Fund in the amount of \$100,000 would be better aligned with the objectives of the Trail Development and Maintenance Fund. Prior to the inception of the Trail Development and Maintenance Fund in fiscal 2023, the Diane Nicolucci Bruce Trail Connection Fund was attributed to the Land Stewardship Reserve Fund. As such, the endowment amount of \$100,000 and the related accumulated gain on investment of \$37,654 was therefore transferred from the Land Stewardship Reserve Fund to the Trail Development and Maintenance Fund in the current year.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 16. Allocation of costs by function

Salaries and benefits represent the largest component of operating costs and are allocated to various functions to reflect the time spent in each area. Direct expenses are charged directly to the related area. Salaries and benefits have been allocated to the various functions based on actual time incurred as follows:

	June 30	
	2024	2023
Fundraising	\$ 568,273	\$ 494,270
Land stewardship	473,771	250,328
Administrative salaries and benefits	404,485	397,635
Communications and engagement	277,942	247,419
Land securement	267,657	229,478
Member and public outreach	162,276	276,729
Board, Committee and Member meetings	109,293	82,374
Other functions	104,499	122,863
Volunteer management	89,059	113,554
Trail development and maintenance	65,084	75,628
Bruce Trail Enterprises and Magazine	42,223	51,785
Government relations	17,867	13,764
	<u>\$ 2,582,429</u>	<u>\$ 2,355,827</u>

### 17. Employee retirement matching program

The Conservancy makes contributions towards employee retirement savings plans on behalf of its permanent full-time employees. A permanent employee is defined as working a minimum of 24 hours per week. The Conservancy matches the contributions made by each employee to a maximum of 3.00% of the employee's annual salary.

During the year, the Conservancy's contributions to employee retirement savings plans were \$51,407 (2023 - \$50,257).

### 18. Economic interest

The Conservancy has an economic interest in nine clubs located along the Bruce Trail. Each club has accepted responsibility for developing and maintaining the portion of the trail located within its district, for assisting with the stewardship of the Conservancy's properties, conducting hikes for member and non-member public, public outreach, fundraising, and other related activities. These activities are conducted by each club using its own volunteers and financial resources, including a portion of the membership dues paid to the Conservancy and donations received by the Conservancy on behalf of the club. The Conservancy may provide special funding for projects beyond the resources of the clubs.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2024

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### 19. Financial instrument risks

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more financial risks. The following disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that the Conservancy will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Conservancy manages its liquidity risk by monitoring its operating requirements and by preparing budgets and cash forecasts to ensure it has sufficient funds to fulfil its obligations. It is management's opinion that the Conservancy has raised sufficient funds and has the assets required to settle its obligations as they become due and does not anticipate the need to liquidate any long-term investments or utilize reserve funds.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Conservancy to cash flow interest rate risk. The Conservancy is exposed to this risk through its interest bearing investments. Interest rate risk is managed by the Conservancy through the use of an investment portfolio manager and the construction of an investment portfolio comprised of equity and fixed yield securities with varying maturity and interest rates. Additional details regarding the Conservancy's investments are included in Note 3. Management believes that there has been no significant change in the interest rate risk exposure related to its financial assets and that the Conservancy has sufficient resources to mitigate the interest rate risk associated with its financial liabilities.

(c) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The Conservancy is exposed to price risk through its investments in quoted active markets.

It is management's opinion that the Conservancy is not exposed to significant currency, credit, foreign exchange, or concentration risk.

### 20. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the aggregate fund balances or the prior year results from operations.