
ALUS CANADA

FINANCIAL STATEMENTS

MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members,
ALUS Canada

We have audited the accompanying financial statements of ALUS Canada, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ALUS Canada as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants
Licensed Public Accountants

August 20, 2018
Toronto, Ontario

ALUS CANADA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 460,053	\$ 598,283
Guaranteed investment certificates (note 2)	180,000	190,000
Amounts receivable	6,489	277,383
HST recoverable	21,141	9,108
Prepaid expenses	<u>2,176</u>	<u>2,277</u>
	<u>\$ 669,859</u>	<u>\$ 1,077,051</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 53,738	\$ 110,515
Deferred fees for service	180,000	190,000
Deferred contributions (note 3)	<u>192,330</u>	<u>628,076</u>
	<u>426,068</u>	<u>928,591</u>
Net assets		
Unrestricted	<u>243,791</u>	<u>148,460</u>
	<u>\$ 669,859</u>	<u>\$ 1,077,051</u>

Approved on behalf of the Board:


_____, Director


_____, Director

see accompanying notes

ALUS CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Contributions from the W. Garfield Weston Foundation	\$ 1,873,863	\$ 1,685,842
Project grants (note 4)	807,608	815,830
Membership fees	95,500	87,000
Interest	3,010	2,748
Other	<u>57,580</u>	<u>224,291</u>
	<u>2,837,561</u>	<u>2,815,711</u>
EXPENSES		
Community grants	1,530,173	1,468,805
Outreach		
Personnel	421,589	351,638
Travel	58,486	91,633
Other	5,079	30,872
Communications		
Personnel	421,589	351,638
Consulting	7,546	45,270
Other	7,830	22,154
Professional fees	240,593	320,226
Governance	30,326	22,601
Staff operations	<u>19,019</u>	<u>20,076</u>
	<u>2,742,230</u>	<u>2,724,913</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	95,331	90,798
Net assets, beginning of year	<u>148,460</u>	<u>57,662</u>
NET ASSETS, END OF YEAR	<u>\$ 243,791</u>	<u>\$ 148,460</u>

see accompanying notes

ALUS CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 95,331	\$ 90,798
Net change in non-cash working capital items (see below)	<u>(243,561)</u>	<u>482,477</u>
Net cash generated from (used for) operating activities	<u>(148,230)</u>	<u>573,275</u>
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed (purchased)	<u>10,000</u>	<u>(190,000)</u>
FINANCING ACTIVITIES		
Principal repayments made on loan from ALUS Norfolk Inc.	-	(200,000)
Funds loaned to Delta Waterfowl Foundation	-	(500,000)
Loan principal repayments received from Delta Waterfowl Foundation	<u>-</u>	<u>553,899</u>
Net cash used for financing activities	<u>-</u>	<u>(146,101)</u>
NET CASH INCREASE (DECREASE) IN THE YEAR	(138,230)	237,174
Cash, beginning of year	<u>598,283</u>	<u>361,109</u>
CASH, END OF YEAR	<u>\$ 460,053</u>	<u>\$ 598,283</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ 270,894	\$ (100,333)
HST recoverable	(12,033)	(9,108)
Prepaid expenses	101	5,668
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(56,777)	28,289
HST payable	-	(32,615)
Deferred fees for service	(10,000)	(10,000)
Deferred contributions	<u>(435,746)</u>	<u>600,576</u>
	<u>\$ (243,561)</u>	<u>\$ 482,477</u>

see accompanying notes

ALUS CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

ALUS Canada (the organization) was incorporated in the Province of Manitoba without share capital and exempt from income tax in Canada as a not-for-profit organization. Effective January 9, 2017, the organization became a registered charitable organization under the Income Tax Act (Canada).

The organization provides a community developed, farmer-delivered program to restore, enhance and maintain the benefits – commonly called ‘ecosystem services’ that nature can provide to Canadian society. Ecosystem services are services produced by healthy ecosystems and all living things rely on them. The organization’s program involves supporting farmers and ranchers to enhance/restore marginal, unproductive, inefficient or environmentally sensitive lands.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including government funding, project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same year, and on the same basis, as the related capital assets are amortized.

Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received. Pledges are not recorded as revenue.

Contributed materials and services

Donated materials and services which are normally purchased by the organization, are not recorded in the accounts.

Membership fees

Membership fees are recognized as revenue in the year to which they apply. Membership fees received for future years are deferred in the accounts.

Fees for service

Other revenue includes fees for service which are recognized as revenue in the period the service is delivered.

Interest income

Interest income is recognized as revenue when earned.

Allocation of expenses

The organization allocates personnel costs based on time spent.

ALUS CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at a rate of 1.70% and mature in October 2018.

3. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 628,076	\$ 22,500
Add cash received from contributions and project grants	2,245,725	3,107,248
Less contributions and project grants recognized as revenue	<u>(2,681,471)</u>	<u>(2,501,672)</u>
	<u>\$ 192,330</u>	<u>\$ 628,076</u>

4. PROJECT GRANTS

Project grant revenue recognized in the year was as follows:

	2018	2017
Province of Ontario Ministry of Natural Resources and Forestry	\$ 250,000	\$ 300,000
Other		
David Bissett	422,393	-
McConnell Foundation	135,215	45,254
Delta Waterfowl Foundation	<u>-</u>	<u>470,576</u>
	<u>\$ 807,608</u>	<u>\$ 815,830</u>

5. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Guaranteed investment certificates are recorded at cost, which approximates fair value. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.