

BIOSPHERE INSTITUTE OF THE BOW VALLEY

Financial Statements

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Biosphere Institute of the Bow Valley

Opinion

I have audited the accompanying financial statements of the Biosphere Institute of the Bow Valley, which comprise the statement of financial position as at December 31, 2018 and the statements of operations and change in net assets and cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Biosphere Institute of the Bow Valley as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of the Biosphere Institute of the Bow Valley in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Biosphere Institute of the Bow Valley'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 Biosphere Institute of the Bow Valley or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Biosphere Institute of the Bow Valley's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 Biosphere Institute of the Bow Valley'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 Biosphere Institute of the Bow Valley's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Biosphere Institute of the Bow Valley 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.

I 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 I identify during my audit.

Manktelow & Company

Chartered Professional Accountant

June 13, 2019

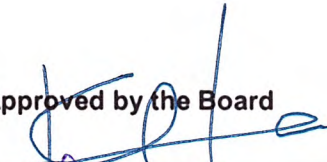
BIOSPHERE INSTITUTE OF THE BOW VALLEY

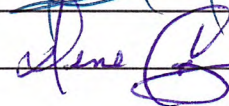
Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 185,243	\$ 280,476
Contributions receivable	<u>8,750</u>	<u>16,270</u>
	<u>\$ 193,993</u>	<u>\$ 296,746</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,580	\$ 18,540
Employee deductions payable	13,479	11,836
Deferred contributions (Note 3)	<u>56,546</u>	<u>140,924</u>
	<u>78,605</u>	<u>171,300</u>
NET ASSETS		
Unrestricted	<u>115,388</u>	<u>125,446</u>
	<u>\$ 193,993</u>	<u>\$ 296,746</u>

Approved by the Board





Director

Director

MANKTELOW & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANT

BIOSPHERE INSTITUTE OF THE BOW VALLEY
Statement of Operations and Change in Net Assets
Year Ended December 31, 2018

	2018	2017
Revenue		
Grants	\$ 354,356	\$ 354,134
Donations	9,817	19,644
Other	900	7,028
	365,073	380,806
Expenses		
Advertising, events and promotions	7,449	3,439
Education, services and supplies	8,665	11,183
Insurance	2,359	2,358
Office	6,734	5,112
Professional fees	18,053	6,201
Rent	5,862	5,783
Salaries and benefits	321,019	320,999
Telephone	2,059	3,024
Travel	2,931	5,519
	375,131	363,618
Excess (deficiency) of revenue over expenses for the year	\$ (10,058)	\$ 17,188
Unrestricted net assets, beginning of the year	125,446	108,258
Unrestricted net assets, end of the year	\$ 115,388	\$ 125,446

BIOSPHERE INSTITUTE OF THE BOW VALLEY

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ (10,058)	\$ 17,188
Changes in non-cash working capital:		
Contributions receivable	7,520	20,701
Accounts payable and accrued liabilities	(9,960)	739
Employee deductions payable	1,643	1,139
Deferred contributions	(84,378)	51,941
	<u>(85,175)</u>	<u>74,520</u>
	<u>(95,233)</u>	<u>91,708</u>
Increase (decrease) in cash	(95,233)	91,708
Cash, beginning of the year	<u>280,476</u>	<u>188,768</u>
Cash, end of the year	<u>\$ 185,243</u>	<u>\$ 280,476</u>

BIOSPHERE INSTITUTE OF THE BOW VALLEY

Notes to Financial Statements

December 31, 2018

1. Purpose of the Organization

The Biosphere Institute of the Bow Valley is a regional organization dedicated to ensuring the ecological integrity of the Bow Valley for the well-being of the ecosystem and those who live here, through education, research and outreach. The Biosphere Institute of the Bow Valley is incorporated under the Alberta Societies Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, including the following significant accounting policies:

a) Revenue Recognition

The Biosphere Institute of the Bow Valley follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Property and equipment

Property and equipment assets are expensed on acquisition. During the year, the organization did not purchase any property and equipment.

c) Financial instruments

The organization's financial instruments consist of cash, contributions receivable and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

d) Use of Estimates

The preparation of financial statements in conformity with 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 reporting period. Actual results could differ from those estimates.

e) Contributed Goods and Services

The work of the organization is dependant on the voluntary services of many individuals and organizations. Because of the difficulty of determining fair value, contributed services are not recognized in these financial statements.

BIOSPHERE INSTITUTE OF THE BOW VALLEY

Notes to Financial Statements

December 31, 2018

3. Deferred Contributions

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. Changes in the deferred contributions balance are as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 140,924	\$ 88,982
Amounts recognized as revenue in the year	(119,057)	(88,982)
Amounts received related to the following year	34,679	140,924
	<u>\$ 56,546</u>	<u>\$ 140,924</u>

4. Lease Commitments

The Biosphere Institute of the Bow Valley leases office space in a building owned by the Town of Canmore, one of its core funders (Note 5). The lease is effective from October 1, 2015 to September 30, 2020 with an option to renew for the same terms subject to a rate adjustment. The present rent is \$3,885 per year for the first year of the lease with a 2% per year increase throughout the term of the lease. There is no common area cost. Minimum annual rent over the initial term of the lease is as follows:

2019	\$ 4,123
2020	3,154

5. Economic Dependence

The organization receives an annual grant from the Town of Canmore to assist with general operating costs. The organization is economically dependant on its agreement with the Town of Canmore to provide the current level of service.

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Notes to Financial Statements

December 31, 2018

6. Financial Risk

a) Credit risk

Credit risk associated with cash and contributions receivable arises from the possibility that parties may default on their financial obligations. The maximum exposure to credit risk is the carrying value of cash and contributions receivable. Cash is deposited with federally regulated, credit worthy financial institutions. Contributions receivable are primarily due from either local government or other funding agencies. There has been no change to the risk exposure from 2017.

b) Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations on a timely basis. Revenue from operations funds the organization's cash requirements. A significant portion of the organization's revenue is received from the Town of Canmore, as described in Note 5. There has been no change to the risk exposure from 2017.

c) Currency risk

Currency risk arises from financial instruments, primarily cash, accounts receivable and accounts payable, denominated in a currency other than the Canadian dollar. The organization receives all of its funding, and pays for all of its operating costs, in Canadian currency so it has no exposure to foreign currency fluctuation. There has been no change to the risk exposure from 2017.

d) Interest rate risk

The organization maintains its cash balance in a non-interest bearing bank account and has no debt with financial institutions. As a result, the organization is exposed to minimal interest rate risk due to fluctuations in the commercial prime lending rate. There has been no change to the risk exposure from 2017.