

**Action Chelsea for the Respect of the Environment**  
**Financial Statements**  
*December 31, 2022*

# Action Chelsea for the Respect of the Environment

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*For the year ended December 31, 2022*

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To the Board of Directors of Action Chelsea for the Respect of the Environment

## Opinion

We have audited the financial statements of Action Chelsea for the Respect of the Environment (the "Organization"), which comprise the statements of financial position as at December 31, 2022, December 31, 2021, and January 1, 2021, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2022, and December 31, 2021, 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 Organization as at December 31, 2022, December 31, 2021 and January 1, 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, and December 31, 2021, in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audits 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 Organization in accordance with the ethical requirements that are relevant to our audits 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.

## Emphasis of Matter - Comparative Information

As described in Note 2, the Organization has not previously reported its financial statements and as such the adoption of ASNPO did not have an impact on previously reported statement of financial position or statement of operations.

## 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

## 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 Organization'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 Organization'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 Organization 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Hawkesbury, Ontario  
March 23, 2023

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

### MNP s.r.l./LLP

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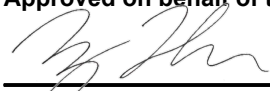
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# Action Chelsea for the Respect of the Environment Statement of Financial Position

As at December 31, 2022

	Unrestricted fund	Restricted fund	Invested in conservation land and agreements	2022	2021	January 1 2021
<b>Assets</b>						
<b>Current</b>						
Cash	46,428	-	-	46,428	71,502	5,331
Accounts receivable	643,809	-	-	643,809	-	-
Restricted cash (Note 4)	-	320,000	-	320,000	-	-
Interfund balances	-	482,107	-	482,107	-	-
	<b>690,237</b>	<b>802,107</b>	<b>-</b>	<b>1,492,344</b>	<b>71,502</b>	<b>5,331</b>
<b>Conservation land and agreements (Note 5)</b>	<b>-</b>	<b>-</b>	<b>4,805,682</b>	<b>4,805,682</b>	<b>1,085,440</b>	<b>18,900</b>
	<b>690,237</b>	<b>802,107</b>	<b>4,805,682</b>	<b>6,298,026</b>	<b>1,156,942</b>	<b>24,231</b>
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accruals	32,409	-	-	32,409	3,000	-
Interfund balances	482,107	-	-	482,107	-	-
Short term loan, without interest	-	120,000	-	120,000	-	-
	<b>514,516</b>	<b>120,000</b>	<b>-</b>	<b>634,516</b>	<b>3,000</b>	<b>-</b>
<b>Net assets</b>						
Fund balances (Note 6)	175,721	682,107	4,805,682	5,663,510	1,153,942	24,231
	<b>690,237</b>	<b>802,107</b>	<b>4,805,682</b>	<b>6,298,026</b>	<b>1,156,942</b>	<b>24,231</b>

Approved on behalf of the Board

  
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Director

Stephen Woodley

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Director

# Action Chelsea for the Respect of the Environment Statement of Operations

*For the year ended December 31, 2022*

	<i>Unrestricted fund</i>	<i>Restricted fund</i>	<i>Invested in conservation land and agreements</i>	<b>2022</b>	<i>2021</i>
<b>Revenue</b>					
Donations	552,647	262,000	186,489	1,001,136	962,246
Donations in kind (ecological gift of land)	-	-	1,562,000	1,562,000	180,000
Funding (Note 7)	15,864	53,288	1,970,484	2,039,636	-
Memberships	2,600	-	-	2,600	1,190
	<b>571,111</b>	<b>315,288</b>	<b>3,718,973</b>	<b>4,605,372</b>	1,143,436
<b>Expenses</b>					
Advertising	427	-	-	427	299
Bank charges and interest	60	-	-	60	1,237
Contracted services	49,947	15,408	-	65,355	2,528
Insurance	2,144	-	-	2,144	-
Land management	-	-	-	-	780
Licences and fees	179	-	-	179	500
Maintenance	2,309	1,328	-	3,637	2,722
Materials	7,802	587	-	8,389	2,622
Office expenses	1,039	-	-	1,039	714
Professional fees	8,000	-	-	8,000	-
Property taxes	4,121	2,171	-	6,292	2,323
Telephone	37	-	-	37	-
Travel	245	-	-	245	-
	<b>76,310</b>	<b>19,494</b>	<b>-</b>	<b>95,804</b>	13,725
<b>Excess of revenue over expenses</b>	<b>494,801</b>	<b>295,794</b>	<b>3,718,973</b>	<b>4,509,568</b>	1,129,711

*The accompanying notes are an integral part of these financial statements.*

## Action Chelsea for the Respect of the Environment Statement of Changes in Net Assets

*For the year ended December 31, 2022*

	<i>Unrestricted fund</i>	<i>Restricted fund</i>	<i>Invested in conservation land and agreements</i>	<b>2022</b>	<i>2021</i>
<b>Net assets, beginning of year</b>	<b>33,279</b>	<b>35,223</b>	<b>1,085,440</b>	<b>1,153,942</b>	24,231
<b>Excess of revenue over expenses</b>	<b>494,801</b>	<b>295,794</b>	<b>3,718,973</b>	<b>4,509,568</b>	1,129,711
<b>Transfer</b>	<b>(352,359)</b>	<b>351,090</b>	<b>1,269</b>	-	-
<b>Net assets, end of year</b>	<b>175,721</b>	<b>682,107</b>	<b>4,805,682</b>	<b>5,663,510</b>	1,153,942

*The accompanying notes are an integral part of these financial statements.*

# Action Chelsea for the Respect of the Environment

## Statement of Cash Flows

*For the year ended December 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	4,509,568	1,129,711
Items not affecting cash:		
Donations in kind	(1,562,000)	(180,000)
	<b>2,947,568</b>	<b>949,711</b>
Changes in working capital accounts		
Accounts receivable	(643,809)	-
Accounts payable and accruals	29,409	3,000
	<b>2,333,168</b>	<b>952,711</b>
<b>Investing</b>		
Purchase of conservation land and agreements	(2,158,242)	(886,540)
Transfer to restricted cash	(200,000)	-
	<b>(25,074)</b>	<b>66,171</b>
<b>(Decrease) increase in cash resources</b>	<b>(25,074)</b>	<b>66,171</b>
<b>Cash resources, beginning of year</b>	<b>71,502</b>	<b>5,331</b>
<b>Cash resources, end of year</b>	<b>46,428</b>	<b>71,502</b>

*The accompanying notes are an integral part of these financial statements.*



# Action Chelsea for the Respect of the Environment

## Notes to the Financial Statements

For the year ended December 31, 2022

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### 1. Incorporation and nature of the organization

Action Chelsea for the Respect of the Environment (the "Organization") was incorporated without share capital under Part III of the Quebec Business Corporations Act. The Organization is a registered charity under section 149.1(1) of the Income Tax Act ("the Act"). As such, the Organization is exempt from income taxes and able to issue donation receipts for income tax.

The Organization's objective is to promote the protection of the environment and ecological integrity of the Municipality of Chelsea and other municipalities that are located next to the Gatineau Park. The Organization's activities include the acquisition and conservation of ecologically significant land.

### 2. Impact of adopting accounting standards for not-for-profit organizations

These are the Organization's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada. The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2022, the comparative information for the year ended December 31, 2021, and the opening ASNPO statement of financial position as at January 1, 2021 (the Organization's date of transition to ASNPO).

The organization has not previously reported its financial statements and as such the adoption of ASNPO did not have an impact on previously reported statement of financial position or statement of operations.

### 3. Significant accounting policies

The financial statements have been prepared in accordance with ASNPO, and include the following significant accounting policies:

#### ***Fund accounting***

The Organization follows the restricted fund method of accounting for contributions, and maintains 3 funds: Unrestricted fund, Restricted fund and Invested in conservation land and agreements fund.

The Unrestricted fund reports the Organization's general fundraising and administrative activities. At year-end, the Organization may transfer a portion of its net fundraising revenue to its Restricted fund.

The Invested in conservation land and agreements fund is a restricted fund that reports the Organization's contributed and acquired properties.

The Restricted fund reports the Organization's resources to be used for identified purposes as specified externally by donors or internally by the Board of Directors.

Interfund balances bear no interest, have no specific terms of repayment and are unsecured.

#### ***Revenue recognition***

The Organization uses the restricted fund method of accounting for contributions which includes government funding, donations and other grants.

Unrestricted contributions are recognized as revenue of the Unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions represent contributions received for specific purposes and are recorded as revenue of the appropriate Restricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned is recognized as revenue of the appropriate fund when earned. Investment losses are allocated in a manner consistent with investment income.

# Action Chelsea for the Respect of the Environment

## Notes to the Financial Statements

For the year ended December 31, 2022

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### **Conservation land and agreements**

Purchased conservation land and agreements are recorded at cost when the title is transferred.

Contributed conservation land and agreements are recorded at fair market value when title is transferred. The contributions are recorded as revenue in the Invested in conservation land and agreements fund when received.

Properties transferred to others are recorded as a reduction of conservation land and agreements.

### **Contributed materials and services**

The Organization may receive materials at no cost from various sources. Significant donations are recorded in the accounts at their estimated fair value at the date of the donation.

The Organization also benefits from the services of volunteers. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

### **Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations.

All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Financial asset impairment**

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

# Action Chelsea for the Respect of the Environment

## Notes to the Financial Statements

*For the year ended December 31, 2022*

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

### **Measurement uncertainty (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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Contributed assets are stated after evaluation of any impairment in value resulting in a decrease of net realizable value where considered necessary.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

#### **4. Restricted cash**

Restricted cash relates to money held In Trust related to the purchase of the Jolicoeur-McMartin Forest. The organization is waiting on Environment and Climate Change Canada (ECCC) for its determination of Fair Market Value of the Ecological Gift which was estimated at \$800,000. In the event ECCC approves the Ecological Gift at a level lower than \$800,000, the purchase price will be adjusted and these funds will be used to finance the price adjustment to the seller. IF ECCC approves the Ecological Gift at the amount of \$800,000, the funds will be released to the Organization. In the event ECCC does not approve the Ecological gift by November 2023, the amount of \$320,000 will be paid to the seller.

#### **5. Conservation land and agreements**

The properties held at year-end include:

	<b>2022</b>	<b>2021</b>
Alligator	<b>1,100</b>	1,100
Cascade	<b>1,000</b>	1,000
Creek	<b>1,000</b>	1,000
Forêt aux étangs	<b>864,147</b>	864,147
Griffin	<b>15,800</b>	15,800
Hundred Acre Wood	<b>1,618,619</b>	21,868
Jolicoeur-McMartin Forest	<b>1,660,222</b>	-
Place EcoRubin	<b>180,525</b>	180,525
Dionne-Wilson Forest	<b>463,269</b>	-
	<b>4,805,682</b>	1,085,440

## Action Chelsea for the Respect of the Environment Notes to the Financial Statements

*For the year ended December 31, 2022*

### 6. Fund balances

	Opening Balance	Donations & Fundings	Transfers (to)/from Other Fund	Expenses	2022 Closing Balance
<b>Unrestricted</b>	<b>33,279</b>	<b>571,111</b>	<b>(352,359)</b>	<b>(76,310)</b>	<b>175,721</b>
<b>Restricted</b>					
Forêt aux étangs	35,223	5,288	-	(19,494)	21,017
Stewardship fund	-	310,000	151,090	-	461,090
Jolicoeur- McMartin Forest	-	-	200,000	-	200,000
	<b>35,223</b>	<b>315,288</b>	<b>351,090</b>	<b>(19,494)</b>	<b>682,107</b>
<b>Invested in conservation land and agreements</b>	<b>1,085,440</b>	<b>3,718,973</b>	<b>1,269</b>	<b>-</b>	<b>4,805,682</b>
	<b>1,153,942</b>	<b>4,605,372</b>	<b>-</b>	<b>(95,804)</b>	<b>5,663,510</b>

	Opening Balance	Donations & Fundings	Transfers (to)/from Other Fund	Expenses	2021 Closing Balance
<b>Unrestricted</b>	<b>5,331</b>	<b>38,321</b>	<b>(525)</b>	<b>(9,848)</b>	<b>33,279</b>
<b>Restricted</b>					
Forêt aux étangs	-	39,100	-	(3,877)	35,223
<b>Invested in conservation land and agreements</b>	<b>18,900</b>	<b>1,066,015</b>	<b>525</b>	<b>-</b>	<b>1,085,440</b>
	<b>24,231</b>	<b>1,143,436</b>	<b>-</b>	<b>(13,725)</b>	<b>1,153,942</b>

# Action Chelsea for the Respect of the Environment

## Notes to the Financial Statements

For the year ended December 31, 2022

### 7. Funding

The breakdown of funding is as follows:

	2022	2021
Ducks Unlimited Canada	382,036	-
Fondation de la faune du Québec	502,933	-
National Capital Commission	200,000	-
Nature Conservancy Canada	504,667	-
Parks Canada	450,000	-
	<b>2,039,636</b>	-

### 8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Liquidity risk**

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on the donations and fundings to meet commitments and sustain operations.