

Appendix 1

OAK RIDGES TRAIL ASSOCIATION

FINANCIAL STATEMENTS

(Unaudited)

DECEMBER 31, 2020



Independent Practitioner's Review Engagement Report

To the Directors of
Oak Ridges Trail Association

I have reviewed the accompanying financial statements of Oak Ridges Trail Association that comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Oak Ridges Trail Association as at December 31, 2020, 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.

A handwritten signature in black ink that reads "Paul Stainton". The signature is written in a cursive, flowing style.

Markham, Ontario
March 27, 2021

Oak Ridges Trail Association

Statement of Financial Position

As at December 31, 2020

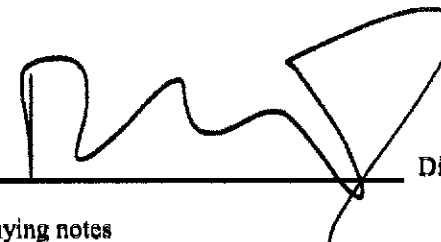
(Unaudited)

	2020	2019
Assets		
Current		
Cash	\$ 54,258	\$ 22,353
Short term investments (note 2)	46,986	74,422
Accounts receivable	935	-
Prepaid expenses	1,525	2,815
Government taxes receivable	422	871
Total current	104,126	100,461
Deferred charges	6,413	7,695
Total assets	\$ 110,539	\$ 108,156
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,858	\$ 5,897
Government taxes payable	692	689
Total liabilities	4,550	6,586
Net assets		
Net assets	105,989	101,570
Total liabilities and net assets	\$ 110,539	\$ 108,156

Approved on behalf of the Board of Directors



Director



Director

See accompanying notes

Oak Ridges Trail Association

Statement of Changes in Net Assets

For the year ended December 31, 2020

(Unaudited)

	2020	2019
Net assets, beginning of year	\$ 101,570	\$ 99,874
Excess of revenue over expenditures	4,419	1,696
Net assets, end of year	\$ 105,989	\$ 101,570

See accompanying notes

Oak Ridges Trail Association

Statement of Operations

For the year ended December 31, 2020

(Unaudited)

	2020	%	2019	%
Revenue				
Membership dues	\$ 22,030	35.9	\$ 19,983	40.4
Donations	15,341	25.0	23,598	47.7
Government assistance	11,746	19.1	-	
Grants	10,000	16.3	-	
Interest income	1,043	1.7	1,418	2.9
Advertising and promotional items	700	1.1	1,510	3.1
Events	520	0.8	2,642	5.3
Sale of guidebooks	45	0.1	276	0.6
Total revenue	61,425	100.0	49,427	100.0
Expenditures				
Administration and general	36,623	59.6	36,328	73.5
Cost of guidebooks	1,282	2.1	1,381	2.8
Fundraising	1,078	1.8	1,299	2.6
Insurance	3,123	5.1	2,780	5.6
Meeting costs	45	0.1	3,665	7.4
Occupancy	8,385	13.7	7,800	15.8
Professional fees	4,088	6.7	4,520	9.1
Public relations	323	0.5	776	1.6
Trail expense	1,333	2.2	2,521	5.1
Trail talk expense	726	1.2	3,534	7.1
Total expenditures	57,006	92.8	64,604	130.7
Excess (deficiency) of revenue over expenditures before undernoted items	4,419	7.2	(15,177)	(30.7)
Adventure Relay				
Sponsorship	-		1,450	2.9
Entry fees	-		14,775	29.9
Donations	-		6,077	12.3
Marketing and promotion	-		(3,587)	(7.3)
Miscellaneous	-		(1,842)	(3.7)
	-		16,873	34.1
Excess of revenue over expenditures	\$ 4,419	7.2	\$ 1,696	3.4

See accompanying notes

Oak Ridges Trail Association

Statement of Cash Flows

For the year ended December 31, 2020

(Unaudited)

	2020	2019
Operating activities		
Excess of revenue over expenditures	\$ 4,419	\$ 1,696
Change in non-cash working capital items		
Short term investments	27,436	(41,296)
Accounts receivable	(935)	230
Prepaid expenses	1,290	(1,040)
Government taxes receivable	449	97
Accounts payable and accrued liabilities	(2,040)	2,141
Government taxes payable	3	(870)
	30,622	(39,042)
Investing activity		
Deferred charges	1,283	1,283
Increase (decrease) in cash	31,905	(37,759)
Cash, beginning of year	22,353	60,112
Cash, end of year	\$ 54,258	\$ 22,353

See accompanying notes

Oak Ridges Trail Association

Notes to the Financial Statements

December 31, 2020

(Unaudited)

Purpose of the Organization

Oak Ridges Trail Association ("the Association") was incorporated under The Laws of Ontario on June 28, 1994 as a corporation without Share Capital.

The Association's purpose is to plan, promote, and create public recreational trails on the Oak Ridges Moraine for the recreational and educational use, benefit and enjoyment of the general public, to promote, support and engage in public education regarding the appreciation, renewal and protection of the natural environment surrounding the Oak Ridges Moraine trail system, and to encourage ecologically responsible attitudes towards it. The system of public recreational trails will be located on the Oak Ridges Moraine from the Niagara Escarpment in the west to the Northumberland Forest in the east, linking the Bruce Trail, the Ganaraska and other public recreational trails throughout the Oak Ridges Moraine.

The Association is classified as a registered charity under the Income Tax Act and as such is not subject to income tax provided certain disbursement requirements are met.

1. Summary of significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition

The organization 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. Endowment contributions are recognized as direct increases in net assets.

(b) Investments

The organization follows the cost method of accounting for its investments, written down for any permanent impairment in value.

(c) 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Oak Ridges Trail Association

Notes to the Financial Statements

December 31, 2020

(Unaudited)

1. Summary of significant accounting policies, continued

(d) Financial instruments

(i) Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value .

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures in the period incurred.

Financial assets measured at cost or amortized cost on a straight line basis include cash, short term investments, accounts receivable and prepaid expense.

Financial liabilities measured at cost or amortized cost on a straight-line basis include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net income..

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(iv) Financial instrument risks

Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments.

Oak Ridges Trail Association

Notes to the Financial Statements

December 31, 2020

(Unaudited)

2. Short term investments

The amount of \$ 46,986 (2019 - \$ 74,422) consists of Cash and Guaranteed Investment Certificates held by the Association at December 31, 2020. The amount is invested as follows:

	Maturity Date	Interest Rate	2020	2019
Cash			\$ 41,525	\$ 15,209
Special rate GIC	March 14, 2020	2.89%	-	25,623
Special rate GIC	May 11, 2020	2.08%	-	28,192
Non - Redeemable GIC	December 21, 2020	1.20%	-	5,398
Non - Redeemable GIC	December 21, 2021	0.45%	5,461	-
			\$ 46,986	\$ 74,422

3. Capital disclosure

The Association's objective when managing capital is to ensure sufficient liquidity to sustain its financial obligations for continued operations to support its stated objectives. The capital structure of the Association consists of a General Fund.

4. Financial instruments

The following sections describe the organization's financial risk management objectives and policies and the organization's financial risk exposures.

- (a) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. There has been no change to this risk exposure from 2019.
- (b) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The organization is exposed to credit risk on accounts receivable. The organization does not have accounts receivable exposure at the current year end. There has been no change to this risk exposure from 2019.
- (c) Liquidity risk
Liquidity risk is the risk that the organization will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The organization's objective is to have sufficient liquidity to meet its liabilities when they come due. The organization monitors its cash balances and cash flows generated from operations to meet its requirements. As of December 31, 2020, the most significant financial liabilities are Accounts payable and accrued liabilities. There has been no change to this risk exposure from 2019.
- (d) Fair value
The organization's financial instruments include cash, accounts receivable, short term investments and accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their short-term maturities. There has been no change to this risk exposure from 2019.

Oak Ridges Trail Association

Notes to the Financial Statements

December 31, 2020

(Unaudited)

5. 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 prior year earnings.

6. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic (the “pandemic”) as a result of the spread of COVID-19. Since that time, the pandemic has severely impacted local economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of COVID-19, including travel bans, quarantines, physical distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in a widespread economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Association for future periods. In March 2020, the Association adjusted its operations in order to limit the exposure of the virus. As at the review report date, the Association has generally maintained its levels of donations and membership dues relative to historical trends. However, the Association is reviewing its financial results on a regular basis to ensure it maintains liquid assets and ongoing cost mitigation efforts to sustain the Association.