

**NORTH AMERICAN NATIVE PLANT SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**

NORTH AMERICAN NATIVE PLANT SOCIETY
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North American Native Plant Society

I have audited the accompanying financial statements of North American Native Plant Society which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and statement of 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards for not-for-profit organizations. Those standards require that I 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 entity'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 entity'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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, North American Native Plant Society derives a portion of its income from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets, and unrestricted net assets.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the contributions and fundraising referred to in the preceding paragraph and had I been able to verify these financial statements present fairly, in all material respects, the financial position of North American Native Plant Society as at December 31, 2017 and the results of its operations and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in cursive script that reads "Jeffrey D. Milgram Professional Corporation". The signature is written in black ink and is positioned above the printed name of the firm.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
APRIL 19, 2018

NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	<u>2017</u> \$	<u>2016</u> \$ (Note 8)
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents	80,609	44,828
Short term investment (Note 3)	-	28,018
Accounts receivable	425	313
Government rebate receivable	586	942
Prepaid expenses	<u>2,178</u>	<u>542</u>
	83,798	74,643
LONG TERM		
Investments (Note 3)	12,024	12,101
REAL PROPERTY (Note 4)	75,325	75,325
CAPITAL ASSETS (Note 5)	<u>1,586</u>	<u>1,983</u>
	<u>172,733</u>	<u>164,052</u>

LIABILITIES AND NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	5,176	4,498
DEFERRED		
Memberships	9,061	7,722
NET ASSETS		
Unrestricted net assets	<u>158,496</u>	<u>151,832</u>
	<u>172,733</u>	<u>164,052</u>

APPROVED ON BEHALF OF THE BOARD:

 DIRECTOR

May 5/18 DATE

 DIRECTOR

May 5, 2018 DATE

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

NORTH AMERICAN NATIVE PLANT SOCIETY
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u> \$	<u>2016</u> \$ (Note 8)
Balance, beginning of year, as originally stated	155,273	143,249
Prior period adjustment (Note 7)	<u>(3,441)</u>	<u>(3,233)</u>
Balance, beginning of year, as restated	151,832	140,016
Excess revenue over expenses for the year	<u>6,664</u>	<u>15,257</u>
Balance, end of year	<u>158,496</u>	<u>151,832</u>

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

NORTH AMERICAN NATIVE PLANT SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
	\$	\$
		(Note 8)
REVENUE		
Donations and Membership:		
Donations	5,479	4,062
Membership	<u>9,412</u>	<u>5,714</u>
	<u>14,891</u>	<u>9,776</u>
Interest and other:		
Fundraising	2,950	2,238
Interest	2,676	373
Other	<u>925</u>	<u>2,789</u>
	<u>6,551</u>	<u>5,400</u>
Earned revenue:		
Sales	31,558	43,898
Less: Cost of goods sold	<u>17,749</u>	<u>24,126</u>
Gross profit margin	<u>13,809</u>	<u>19,772</u>
	<u>35,251</u>	<u>34,948</u>
EXPENSES		
Advertising and promotion	539	411
Bank charges	966	637
Consulting fees	4,068	-
Depreciation	397	496
Insurance	1,414	1,391
Office and general	5,621	4,880
Printing and mailing	7,065	4,303
Professional fees	5,626	5,941
Projects	2,324	4,615
Property taxes	<u>567</u>	<u>458</u>
	<u>28,587</u>	<u>23,132</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u><u>6,664</u></u>	<u><u>11,816</u></u>

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

NORTH AMERICAN NATIVE PLANT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. Significant Accounting Policies – Continued

Income Taxes

The Organization is registered as a charitable organization under the Income Tax Act ("the Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

During the year management booked estimates to the accounts pertaining to the prepaid expenses, and certain payables and accrued liabilities.

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and short term income investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred revenues.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. Significant Accounting Policies – Continued

(i) Financial Assets and Financial Liabilities – Continued

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

(ii) Impairment - Continued

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

NORTH AMERICAN NATIVE PLANT SOCIETY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2017

3. Investment

Included in long term investment holdings of the Organization is the following investment:

	<u>Maturity</u>	<u>Rate</u>	<u>Terms</u>	<u>Face Value</u>	<u>Fair Value</u>
	\$	\$	\$	\$	\$
GIC: Bank of Nova Scotia	30/11/22	market	Paid at Maturity	<u>12,024</u>	<u>12,024</u>

4. Property

The Organization holds title to two parcels of land in Ontario with an aggregated cost of \$75,325 which are held for purposes of conservation and education.

5. Capital Assets

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Automotive trailer equipment	<u>2,754</u>	<u>1,168</u>	<u>1,586</u>	<u>1,983</u>

6. Risk

Liquidity

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from general operations and fundraising events, to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

NORTH AMERICAN NATIVE PLANT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

6. Risk - Continued

General

The Organization holds financial assets in the form of cash, both short and long term investments in a guaranteed investment certificate and accounts receivable. It is management's opinion that the fair value of these financial instruments approximates their stated values, plus accrued interest where applicable, due to the short term to maturity for all items held at year end except the guaranteed investment certificate. The long term investment certificate is held in the form of a 5 year rolling investment, the interest rate for which is renegotiated and updated on each anniversary date to current market rates, accordingly, management believes this process reflects the current discounted value and fair value of the investment held.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities. As with the financial assets, fair value and stated value approximate each other at year end due to the short term to maturity of the liabilities and debts held at December 31, 2017.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the organization invests in interest-bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates.

As at the end of the current fiscal year, the Organization held interest bearing investments in the form of guaranteed investment certificates as described in Note 3 and is therefore subject to the risk associated with interest rate changes.

While the risk of future cash flows from the investments held will accordingly increase or decrease with the changes to the market rate of interest on similar investments, some of these investments are fully cashable or are held for periods of time just extending beyond one year which does not preclude management from reinvesting at a more favourable rate, and accordingly, minimizing the exposure to interest rate risk on these investment vehicles.

Other Risks

It is management's opinion that the Organization is not exposed to significant currency, credit, interest or market risks arising from the financial instruments held.

NORTH AMERICAN NATIVE PLANT SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

7. Prior Period Adjustment

Previous to the 2016 year end, the Organization did not pro-rate its membership revenue between the various fiscal periods covered by the term of the membership. An aggregate retroactive correction of \$6,674 has been booked to the 2015 - 2016 accounts to reflect that portion of the deferred membership fees paid in fiscal 2015 - 2016 that pertain to future fiscal periods. In addition, effective 2016, the Organization has implemented internal control systems that allow for the calculation of deferred membership revenue on an ongoing basis.

8. Comparative Figures

Certain comparative figures for the fiscal year ended December 31, 2016 have been reclassified to conform with the current year's presentation format and grouping of accounts.