Action Chelsea for the Respect of the Environment

Financial Statements

December 31, 2024

Contents

For the year ended December 31, 2024

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 statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, 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, 2024, 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.

Basis for Opinion

We conducted our audit 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 audit 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.

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

MNP LLP

Hawkesbury ON
February 20, 2025

Chartered Professional Accountants
Licensed Public Accountants

Action Chelsea for the Respect of the Environment
Statement of Financial Position
As at December 31, 2024

	Unrestricted fund	*Restricted fund*	*Invested in conservation land and agreements*	**2024**	2023
Assets					
Current					
Cash	58,613	-	-	**58,613**	308,079
Accounts receivable	24,312	-	-	**24,312**	181,508
Restricted cash	-	-	-	**-**	367,920
Interfund balances	-	71,615	-	**71,615**	651,942
Current portion of long-term investments *(Note 5)*	-	53,193	-	**53,193**	-
	82,925	**124,808**	**-**	**207,733**	1,509,449
Capital assets *(Note 3), (Note 4)*	5,731	-	4,908,378	**4,914,109**	5,292,176
Investments *(Note 5)*	-	373,368	-	**373,368**	-
	88,656	**498,176**	**4,908,378**	**5,495,210**	6,801,625
Liabilities					
Current					
Accounts payable and accruals	8,060	9,887	-	**17,947**	16,170
Deferred revenues	-	67,614	-	**67,614**	67,700
Interfund balances	71,615	-	-	**71,615**	651,942
	79,675	**77,501**	**-**	**157,176**	735,812
Net assets					
Fund balances *(Note 6)*	8,981	420,675	4,908,378	**5,338,034**	6,065,813
	88,656	**498,176**	**4,908,378**	**5,495,210**	6,801,625

Approved on behalf of the Board

Director
Gary Fehr

Stephen Woodley
Director

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

Action Chelsea for the Respect of the Environment
Statement of Operations
For the year ended December 31, 2024

	Unrestricted fund	*Restricted fund*	*Invested in conservation land and agreements*	*2024*	*2023*
Revenue					
Dividends in investments	-	1,821	-	**1,821**	-
Donations	33,586	85,188	-	**118,774**	46,574
Donations in kind (ecological gift of land)	-	-	705,000	**705,000**	-
Funding *(Note 7)*	3,500	(17,892)	-	**(14,392)**	399,439
Interest income	7	6,567	-	**6,574**	806
Memberships	3,380	-	-	**3,380**	2,800
Property Royalties	-	-	-	**-**	10,000
Services rendered	-	-	-	**-**	887
Unrealized gain on investments	-	15,861	-	**15,861**	-
	40,473	**91,545**	**705,000**	**837,018**	460,506
Expenses					
Advertising	199	-	-	**199**	1,200
Amortization	1,621	-	-	**1,621**	755
Bank charges and interest	91	-	-	**91**	88
Contracted services	-	3,308	-	**3,308**	5,315
Insurance	1,121	-	-	**1,121**	1,735
Licences and fees	594	-	-	**594**	253
Maintenance	-	5,505	-	**5,505**	1,925
Materials	208	-	-	**208**	1,865
Office expenses	1,635	43	-	**1,678**	887
Professional fees	13,653	-	-	**13,653**	22,246
Property taxes	-	15,609	-	**15,609**	9,597
Impairment *(Note 8)*	-	-	1,089,875	**1,089,875**	-
Reimbursement due to revaluation of property	-	343,960	-	**343,960**	-
Salaries and benefits	-	86,484	-	**86,484**	12,300
Telephone	37	-	-	**37**	37
Travel	854	-	-	**854**	-
	20,013	**454,909**	**1,089,875**	**1,564,797**	58,203
Excess of revenue over expenses (of expenses over revenue)	**20,460**	**(363,364)**	**(384,875)**	**(727,779)**	402,303

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, 2024

	Unrestricted fund	*Restricted fund*	*Invested in conservation land and agreements*	***2024***	*2023*
Net (liabilities) assets, beginning of year	(166,529)	947,518	5,284,824	**6,065,813**	5,663,510
Excess of revenue over expenses (of expenses over revenue)	20,460	(363,364)	(384,875)	**(727,779)**	402,303
Transfer	155,050	(163,479)	8,429	**-**	-
Net assets, end of year	**8,981**	**420,675**	**4,908,378**	**5,338,034**	6,065,813

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, 2024

	2024	*2023*
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenue over expenses (of expenses over revenue)	**(727,779)**	402,303
Amortization	**1,621**	755
Items not affecting cash:		
Donations in kind	**(705,000)**	-
Impairment	**1,089,875**	-
Unrealized gain on investments	**(15,861)**	-
	(357,144)	403,058
Changes in working capital accounts		
Accounts receivable	**157,196**	462,301
Accounts payable and accruals	**1,777**	(16,239)
Deferred revenues	**(86)**	67,700
	(198,257)	916,820
Investing activities		
Purchase of capital assets	**(8,429)**	(487,249)
Purchase of investments	**(410,700)**	-
Transfer to restricted cash	**-**	(167,920)
Transfer from restricted cash	**367,920**	-
	(51,209)	(655,169)
(Decrease) increase in cash resources	**(249,466)**	261,651
Cash resources, beginning of year	**308,079**	46,428
Cash resources, end of year	**58,613**	308,079

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

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. 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.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

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.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Equipment	straight-line	5 years

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 instruments.

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 (of expenses over revenue). 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 (of expenses over revenue).

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 (of expenses over revenue) 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.

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term assets in concurrence with the nature of the investment.

3. Capital assets

	Cost	***Accumulated amortization***	***2024 Net book value***	*2023 Net book value*
Conservation Land and Agreements, see details in Note 6	**4,908,378**	**-**	**4,908,378**	5,284,824
Equipment	**8,107**	**2,376**	**5,731**	7,352
	4,916,485	**2,376**	**4,914,109**	5,292,176

4. Conservation land and agreements

The properties held at year-end include:

	2024	*2023*
Alligator	**1,100**	1,100
Brink	**705,000**	-
Cascade	**1,000**	1,000
Creek	**1,000**	1,000
Dionne-Wilson Forest	**463,269**	463,269
Forêt aux étangs	**864,147**	864,147
Griffin	**15,800**	15,800
Hundred Acre Wood	**1,618,619**	1,618,619
Jolicoeur-McMartin Forest	**590,929**	1,672,375
Larrimac	**466,989**	466,989
Place EcoRubin	**180,525**	180,525
	4,908,378	5,284,824

5. Investments

	2024 Market Value	**2024 Cost**	**2023 Market Value**	**2023 Cost**
Cash and cash equivalents	**53,193**	**53,193**	**-**	**-**
Equities	**133,013**	**122,282**	**-**	**-**
Fixed income	**240,355**	**235,096**	**-**	**-**
	426,561	**410,571**	**-**	**-**
Less: current portion	**(53,193)**	**-**	**-**	**-**
	373,368	**410,571**	**-**	**-**

Fixed income investments have rates ranging from 3.450% to 4.537% with maturity dates ranging from 2026 to 2029.

6. Fund balances

	Opening Balance	Revenues	Transfers (to)/from Other Fund	Expenses	2024 Closing Balance
Unrestricted	**(166,529)**	**40,473**	**155,050**	**(20,013)**	**8,981**
Restricted					
Forêt aux étangs	**18,508**	**-**	**-**	**-**	**18,508**
Stewardship fund	**561,090**	**24,249**	**(158,750)**	**(24,422)**	**402,167**
Jolicoeur-McMartin Forest	**367,920**	**-**	**(23,960)**	**(343,960)**	**-**
Program Manager	**-**	**80,086**	**-**	**(80,086)**	**-**
Other	**-**	**(12,790)**	**19,231**	**(6,441)**	-
	947,518	**91,545**	**(163,479)**	**(454,909)**	**420,675**
Invested in conservation land and agreements	**5,284,824**	**705,000**	**8,429**	**(1,089,875)**	**4,908,378**
	6,065,813	**837,018**	**-**	**(1,564,797)**	**5,338,034**

	Opening Balance	Revenues	Transfers (to)/from Other Fund	Expenses	2023 Closing Balance
Unrestricted	175,721	67,827	(366,683)	(43,394)	(166,529)
Restricted					
Forêt aux étangs	21,017	-	-	(2,509)	18,508
Stewardship fund	461,090	100,000	-	-	561,090
Jolicoeur-McMartin Forest	200,000	-	167,920	-	367,920
Program Manager	-	12,300	-	(12,300)	-
	682,107	112,300	167,920	(14,809)	947,518
Invested in conservation land and agreements	4,805,682	280,379	198,763	-	5,284,824
	5,663,510	460,506	-	(58,203)	6,065,813

7. Funding

The breakdown of funding is as follows:

	2024	*2023*
Environment and Climate Change Canada	**(14,392)**	280,379
National Capital Commission	**-**	100,000
Nature Conservancy Canada	**-**	19,060
	(14,392)	399,439

8. Impairment

The impairment expense of $1,089,875 is a one-time expense resulting from Environment and Climate Change Canada's (ECCC) reassessment of the value of the Jolicoeur-McMartin Forest. Originally, the Jolicoeur-McMartin Forest was valued at $1,600,000 and capitalized in conservation land and agreements for an amount of $1,672,375 in 2022. However, following the recadastralization of the property and the revaluation by ECCC in 2024, the recognized property value was $582,500, resulting in an impairment expense of $1,089,875.

9. 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 funding to meet commitments and sustain operations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in publicly traded securities expose the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.