Rideau Valley Conservation Foundation
Financial Statements
December 31, 2022

Contents

For the year ended December 31, 2022

Management's Responsibility

To the Members of Rideau Valley Conservation Foundation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

Diane Downey, Executive Director

To the Members of Rideau Valley Conservation Foundation:

Opinion

We have audited the financial statements of Rideau Valley Conservation Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, 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 Foundation as at December 31, 2022, 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation's internal control.

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T: 613.932.3610 F: 613.938.3215 MNP.ca

- 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 Foundation'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 Foundation 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

Cornwall, Ontario
June 14, 2023

Chartered Professional Accountants
Licensed Public Accountants

Rideau Valley Conservation Foundation
Statement of Financial Position
As at December 31, 2022

	Unrestricted fund	*Restricted fund*	*Endowment fund*	*Invested in conservation land and agreements*	*2022*	*2021*
Assets						
Current						
Cash	**1,579,595**	-	-	-	**1,579,595**	1,382,374
Accounts receivable	**162,553**	-	-	-	**162,553**	139,514
Current portion of investments *(Note 4)*	-	-	**135,333**	-	**135,333**	63,934
Interfund balances	-	**1,555,465**	-	-	**1,555,465**	1,321,422
	1,742,148	**1,555,465**	**135,333**	-	**3,432,946**	2,907,244
Conservation lands and agreements *(Note 5)*	-	-	-	**3,112,192**	**3,112,192**	2,346,988
Investments *(Note 4)*	-	-	**490,985**	-	**490,985**	535,087
	1,742,148	**1,555,465**	**626,318**	**3,112,192**	**7,036,123**	5,789,319
Liabilities						
Current						
Accounts payable and accruals	**10,627**	-	-	-	**10,627**	13,097
Due to Rideau Valley Conservation Authority *(Note 6)*	-	**155,643**	-	-	**155,643**	136,476
Interfund balances	**1,527,636**	-	**27,829**	-	**1,555,465**	1,321,422
	1,538,263	**155,643**	**27,829**	-	**1,721,735**	1,470,995
Deferred revenue *(Note 7)*	-	**201,191**	-	-	**201,191**	123,206
	1,538,263	**356,834**	**27,829**	-	**1,922,926**	1,594,201
Net Assets						
Fund Balances *(Note 8)*	**203,885**	**1,198,631**	**598,489**	**3,112,192**	**5,113,197**	4,195,118
	1,742,148	**1,555,465**	**626,318**	**3,112,192**	**7,036,123**	5,789,319

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Rideau Valley Conservation Foundation
Statement of Operations
For the year ended December 31, 2022

	Unrestricted fund	*Restricted fund*	*Endowment fund*	*Invested in conservation land and agreements*	*2022*	*2021*
Revenue						
Donations - in kind	-	-	-	732,000	732,000	693,000
Partnership agreements	33,258	147,254	-	-	180,512	459,314
Donation - general	5,867	66,263	32,733	-	104,863	101,696
Investment income (loss)	8,481	-	(965)	-	7,516	47,768
HST rebate and other	11,723	-	-	-	11,723	12,632
Government project funding	-	70,130	-	-	70,130	100,000
	59,329	283,647	31,768	732,000	1,106,744	1,414,410
Expenses						
Donations to the Rideau Valley Conservation Authority	-	145,603	-	-	145,603	133,057
Professional fees	29,932	-	-	-	29,932	6,774
Advertising	2,774	-	-	-	2,774	3,287
Licences and fees	6,201	-	-	-	6,201	2,689
Office supplies	1,326	-	-	-	1,326	1,045
Bank charges and interest	259	-	-	-	259	506
Fundraising	1,379	-	-	-	1,379	442
Supplies	-	1,153	-	-	1,153	184
Travel	38	-	-	-	38	76
	41,909	146,756	-	-	188,665	148,060
Excess of revenue over expenses	17,420	136,891	31,768	732,000	918,079	1,266,350

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended December 31, 2022

	Unrestricted fund	*Restricted fund*	*Endowment fund*	*Invested in conservation land and agreements*	**2022**	2021
Net assets, beginning of year	**219,669**	**1,061,740**	**566,721**	**2,346,988**	**4,195,118**	2,928,768
Excess of revenue over expenses	**17,420**	**136,891**	**31,768**	**732,000**	**918,079**	1,266,350
Transfer	**(33,204)**	**-**	**-**	**33,204**	**-**	-
Net assets, end of year	**203,885**	**1,198,631**	**598,489**	**3,112,192**	**5,113,197**	4,195,118

The accompanying notes are an integral part of these financial statements

	2022	2021 (Combined)
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**918,079**	1,266,350
Non-cash increase in investments	**965**	(46,304)
Donations in-kind	**(732,000)**	(693,000)
Changes in working capital accounts		
Accounts receivable	**(23,039)**	25,994
Accounts payable and accruals	**(2,470)**	(19,880)
Deferred revenue	**77,985**	(148,261)
	239,520	384,899
Financing		
Advances from related party	**155,643**	136,476
Repayment of advances from related party	**(136,476)**	(310,889)
	19,167	(174,413)
Investing		
Purchase of conservation lands and agreements	**(33,204)**	(9,710)
Purchase of investments	**(90,922)**	(126,721)
Proceeds on disposal of investments	**62,660**	62,413
	(61,466)	(74,018)
Increase in cash resources	**197,221**	136,468
Cash resources, beginning of year	**1,382,374**	1,245,906
Cash resources, end of year	**1,579,595**	1,382,374

1. Incorporation and nature of the organization

Rideau Valley Conservation Foundation (the "Foundation") was incorporated without share capital under Part II of the Canada Corporations Act. The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada) As such, the Foundation is exempt from income taxes and able to issue donation receipts for income tax.

The Foundation pools charitable gifts which are invested in perpetuity. The income earned on these funds is used to support the conservation programs of the Rideau Valley Conservation Authority (RVCA) to protect and conserve the lands and waters of the valley of the Rideau River in Eastern Ontario.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, and maintains 4 funds: Unrestricted fund, Restricted fund, Endowment fund and Invested in conservation lands and agreements fund.

The Unrestricted Fund reports the Foundation's general fundraising, granting and administrative activities. At year-end, the Foundation may transfer a portion of its net fundraising revenue to its Restricted and Endowment Funds.

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

The Endowment Fund reports the Foundation's resources contributed for endowment. Investment income earned on resources of the Endowment Fund and gains and losses on disposals of investments are reflected in the Endowment Fund.

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

Unrestricted contributions and donations are recorded as revenue of the Unrestricted Fund when received or receivable. Restricted contributions represent contributions received for specific purposes and are recorded as revenue of the appropriate Restricted Fund when received.

Endowment donations represent contributions received where only the income earned from the investment can be used. Endowment contributions are recognized as revenue in the Endowment Fund when received.

Revenue for services is recognized using the percentage-of-completion method.

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

2. Significant accounting policies *(Continued from previous page)*

Conservation Lands and Agreements

Purchased conservation lands and agreements are recorded at cost when the title is transferred. Property acquired before 1988 is recorded at a nominal value of $1.

Contributed conservation lands and agreements are recorded at fair market value when title is transferred. The contributions are recorded as revenue in the Invested in Conservation Lands and Agreements Fund when received.

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

Donated goods and services

The Foundation may receive goods 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 Foundation 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.

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.

Financial instruments

The Foundation recognizes financial instruments when the Foundation 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 Foundation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Foundation has not made such an election during the year.
The Foundation subsequently measures investments in equity intruments quoted in an active market 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.

2. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Foundation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 5).

At initial recognition, the Foundation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Foundation has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group and/or there are numerous assets affected by the same factors or 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 Foundation 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 Foundation 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 Foundation 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.

The Foundation 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.

3. Change in accounting policies

3400 - Revenue

Effective January 1, 2022 (hereafter referred to as the "initial date of application"), the Foundation adopted the Accounting Standards Board's revised recommendations for revenue recognition criteria and disclosure requirement in Section 3400 Revenue. The revised standard provides additional guidance and requirements with respect to reporting revenue gross or net, identifying the units of accounts for a particular contract or group of contracts, and revenue recognition of multiple-element arrangements, bill and hold arrangements, upfront non-refundable fees or payments, and long-term contracts where the percentage of completion method is used.

Identifying the units of accounts and multiple-element arrangements

Revised Section 3400 provides additional guidance to revenue recognition where a transaction has multiple components. In such situations, it may be necessary to apply the recognition criteria to the separately identifiable components of the transaction or similarly it may be appropriate to combine groups of contracts to better reflect the substance of the transaction.

In identifying the unit of account for an arrangement, the Foundation will first identify the contracts, or group of contracts that form one arrangement. A group of contracts, whether with a single customer or with several customers, is treated as a single contract when the contracts are negotiated together in the same economic environment with an overall profit margin objective, constitute an agreement to do a single arrangement with a single customer, are closely interrelated, and are performed concurrently or in a continuous sequence.

A single contract or group of contracts that meet these criteria to be recognized as a single contract, may include several deliverables where the performance of these deliverables may occur at different times. At the inception of an arrangement, whether for a single contract or group of contracts, the Foundation evaluates the nature of the transaction to identify all the deliverables. In an arrangement with multiple deliverables, the deliverables are considered a separate unit of account if the arrangement includes a general right of return, the delivery or performance of the remaining deliverable(s) is considered probable and substantially in the control of the vendor, and the deliverable(s) have value to the customer on a stand-alone basis. Deliverables that do not meet these criteria are combined with other deliverables within the arrangement.

At contract inception, the Foundation allocates the consideration to each identifiable unit of account which reflects the amount the entity expects to be entitled to for each deliverable on a relative stand-alone basis. This allocation is not reassessed after contract inception as each item is delivered. The Foundation determine the stand-alone selling price of a deliverable by observing the price of the good or service when sold separately in similar circumstances and to similar customers.

Percentage of completion

Revised Section 3400 contains explicit guidance on categories of contracts to be included and excluded from the work completed to date in measuring the degree of completion on long-term contracts accounted for using the percentage of completion method based on the ratio of services performed to date to total deliverables per contract agreement.

Further, the amendments provides additional disclosure requirements relating to the percentage of completion method. Under the new amendments, entities will be required to disclose the following:

- The method or methods of measuring the degree of completion;
- The aggregate amount of costs incurred and recognized profits (less recognized losses) to date;
- The aggregate amount of advances received;
- The aggregate amount of holdback withheld; and
- Uncertainties affecting the measurement of the degree of completion.

The Foundation measures the degree of completion based on the ratio of services performed to date to total deliverables per contract agreement. Only those profits or losses that reflect work performed are included in the revenue recognized to date.

Project deliverables being estimated include those that relate directly to the specific contract and other services that are attributable to contract activity in general and can be allocated to the contract. Services that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the percentage of completion calculation.

3. Change in accounting policies (Continued)

Application of this measure of the degree of completion requires management to estimate the project deliverables required to complete each contract at the balance sheet date, the uncertainty inherent in which will not be resolved until each contract is completed. Such factors that impact measurement uncertainty include: the terms of the work to be performed within each contract. Due to the nature of long-term tree planting and monitoring work, management must make an estimation of the amount of work required and specific jobs to be performed at contract inception, which management may have to revise should they become aware of new information during the course of the project. Contracts in progress at December 31, 2022 are discussed in Note 6.

Transition

The Foundation applied the amendments retrospectively except that, in accordance with the transitional provisions of the amendments, the Foundation has not made retrospective adjustments for contracts accounted for with the aforementioned methods that were completed during the years ended December 31, 2021 or December 31, 2022.

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Company.

4. Investments

Fixed income investments are comprised of Guaranteed Investment Certificates with maturity dates from 2023 to 2027 (2021 - 2022 to 2026), earning interest from 0.85% to 4.62% (2021 - 0.85% to 2.56%).

Investments are comprised of the following:

	2022	*2021*
Measured at cost:		
Fixed income	**392,513**	367,450
Less: current portion	**135,333**	63,934
	257,180	303,516
Measured at fair value:		
Preferred shares	**4,581**	5,880
Mutual funds	**229,224**	225,691
	233,805	231,571
	490,985	535,087

5. Conservation Land and Agreements

The properties held at year end include:

Property	Date of Acquisition	2022	2021
Bula	December 8, 1997	**150,000**	150,000
McEwen	June 9, 1998	**112,500**	112,500
McApline	October 27, 2998	**10,100**	10,100
Meisel	September 19, 2000	**137,200**	137,200
O & Y Sawmill Creek	December 21, 2000	**50,000**	50,000
Weiss	October 25, 2002	**104,500**	104,500
Wiseman	November 3, 2003	**5,500**	5,500
Curtis	September 14, 2004	**35,500**	35,500
Fournier (Merrickville Estates)	December 1, 2006	**1**	1
Fine	February 8, 2009	**25,000**	25,000
Boucher	December 8, 2009	**80,000**	80,000
Brown	February 8, 2010	**28,000**	28,000
Loucks (Easment)	May 9, 2010	**115,000**	115,000
Beals	October 5, 2010	**6,000**	6,000
Furesz	October 28, 2010	**90,000**	90,000
Alexander	November 5, 2010	**315,000**	315,000
Lanark County	March 4, 2010	**1**	1
Manning MacPherson	March 8, 2011	**50,934**	50,934
Haire	December 5, 2012	**22,000**	22,000
Ruiter	January 16, 2016	**22,000**	22,000
Medley	April 18, 2016	**35,000**	35,000
De Pencier	April 25, 2017	**6**	6
Rideau Trail	April 25, 2017	**1**	1
Kazckowsii	December 21, 2017	**41,725**	41,725
Struthers	February 22, 2018	**37,675**	37,675
McKay	February 3, 2020	**60,254**	60,254
Drolet	December 3, 2020	**110,381**	110,381
MacDougall	October 21, 2021	**702,710**	702,710
Tar Island	September 21, 2022	**154,741**	-
Lackner	September 21, 2022	**109,546**	-
Estate of Dawn Harvey	September 21, 2022	**500,917**	-
		3,112,192	2,346,988

6. Related party transactions

The Rideau Valley Conservation Authority ("RVCA") has an economic interest in the Foundation and as such, the Foundation is considered a significantly influenced not-for-profit organization. Services such as administration are provided at nil cost to the Foundation by RVCA. During the year, the Foundation was invoiced $155,643 (2021 - $136,476) for non-administration services provided from RVCA which is outstanding at year end. Amounts owing are due on demand, non-interest-bearing and have no specific terms of repayment but are expected to be paid after the Foundation's Annual General Meeting, held annually in June.

The Foundation funds are used to support RVCA's programs to protect and conserve the lands and waters of the valley of the Rideau River in Eastern Ontario. RVCA is established under the Conservation Authorities Act of Ontario and is exempt from income taxes. All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Deferred revenue

The deferred revenue reported in the restricted fund consists of reforestoration services which will be rendered over the course of future periods. As at December 31, 2022, the Foundation has 15 long-term contracts with various companies. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made and contract deliverables are met. The revenue related to these items is recorded under the partnership agreements balance on the statement of operations. Changes in the deferred revenue account are as follows:

	2022	*2021*
Balance, beginning of year	**123,206**	271,467
Amount received during the year	**230,451**	262,353
Less: Amount recognized as revenue during the year	**(152,466)**	(410,614)
Balance, end of year	**201,191**	123,206

8. Fund Balances

	Opening Balance	Donations & Investment Income	Transfers (to)/from Other Funds	Expenses	Funds transferred to RVCA or Other Organizations	Closing Balance
Unrestricted Fund	**219,669**	**59,329**	**(33,204)**	**(41,909)**	**-**	**203,885**
Invested in conservation land and agreements	**2,346,988**	**732,000**	**33,204**	**-**	**-**	**3,112,192**
Internally restricted						
Operations Reserve	30,000	-	-	-	-	30,000
Environmental Land Fund (ELF)	29,976	-	-	-	-	29,976
Foundation Legal Defence Fund	1,000	-	-	-	-	1,000
Foundation Land Acquisition Fund	174,526	34,563	-	-	-	209,089
Steve Simmering Fund	62,482	-	-	-	-	62,482
Total internally restricted	297,984	34,563	-	-	-	332,547
Externally restricted						
Barn Swallow	7,100	-	-	-	-	7,100
Baxter	55,749	-	-	-	-	55,749
Baxter Accessible Washroom	100,000	-	-	-	-	100,000
Baxter Nature for All	9,414	55,239	-	-	-	64,653
Baxter River Cabin Improvements	568	-	-	-	-	568
Beryl Gaffney Park Improvements	9,000	-	-	-	-	9,000
Bobolink (SAR)	7,245	-	-	-	-	7,245
Butterfly Garden	1,366	-	-	-	-	1,366
Butternut (SAR)	42,880	23,442	-	-	(46,114)	20,208
City Stream Watch	674	(674)	-	-	-	-
Chapman Mills	11,641	7,512	-	-	-	19,153
CLMS	87,328	15,736	-	-	-	103,064
Communications	-	5,184	-	-	-	5,184
Don Maciver Memorial	8,243	965	-	-	-	9,208
Foley Mountain Conservation Area	21,941	(481)	-	-	-	21,460
Forestry Program (Carbon Neutral)	-	12,036	-	-	(11,702)	334
Forestry Program (Living Memorial Fund)	-	5,035	-	-	(5,035)	-

8. Fund balances *(Continued from previous page)*

Forestry Program (Tree Planting)	-	36,669	-	-	(32,093)	4,576
Forestry Program (SAR)	50,898	46,019	-	-	(50,659)	46,258
Friends of the Jock River	4,190	-	-	-	-	4,190
Hydro Cambrian Road Project	65,476	(35,414)	-	-	-	30,062
Hydro Pollinator	2,596	901	-	-	-	3,497
Kids in the Woods	5,760	-	-	-	-	5,760
Lawson Foundation	5,000	-	-	-	-	5,000
Memorial Bench Program (CLMS)	16,326	-	-	-	-	16,326
Memorial Bench Program Maintenance	193	3,125	-	-	-	3,318
Motts Mills Dam & Hutton Marsh Restoration Project	26,927	13,600	-	-	-	40,527
Modern Niagara	60,000	60,000	-	-	-	120,000
Mud Creek Landscaping	75,212	-	-	-	-	75,212
NAK Abbottsville Crossing Carp River	30,207	-	-	-	-	30,207
Otty Lake Association	1,150	-	-	-	-	1,150
Remembrance Park	8,118	190	-	-	-	8,311
Sandi Slater Memorial Fund (Meisel)	6,705	-	-	-	-	6,705
SS: Healthy Watershed Project	15,086	-	-	-	-	15,086
SS: Shoreline Naturalization	2,096	-			-	2,096
W. Nicol Foundation Fund	20,000	-	-	-	-	20,000
WSES: Watershed Planning	2,492	-	-	-	-	2,492
WSES: Wolfe Lake Fish Habitat Restoration	2,175	-	-	(1,153)	-	1,022
Total externally restricted	743,756	249,084	-	(1,153)	(145,603)	846,084
Total Restricted Fund	**1,061,740**	**283,647**	**-**	**(1,153)**	**(145,603)**	**1,198,631**
Endowment Fund						
Steve Simmering Land Endowment Fund	424,850	32,733	-	-	-	457,583
Legget Endowment Fund	10,000	-	-	-	-	10,000
Gerald Williams Endowment Fund	46,594	-	-	-	-	46,595
Unrealized Loss or Gain	85,276	(965)	-	-	-	84,311
Total Endowment Fund	**566,721**	**31,768**	**-**	**-**	**-**	**598,489**
Total Fund Balances	**4,195,118**	**1,106,744**	**-**	**(43,062)**	**(145,603)**	**5,113,197**

9. Financial instruments

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

Credit risk

Credit risk arises from the possibility that the entities to which the Foundation provides services to may experience difficulty and be unable to fulfill their obligations. The Foundation is exposed to financial risk that arises from the credit quality of the entities to which is provides services. The Foundation does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes to the market interest rates. The Foundation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and fixed income invesments. Changes in variable rates could cause unanticipated fluctuations in the Foundation's operating results.

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 Foundation is exposed to other price risk on its investment holdings valued at fair market value.