

**FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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**Rideau Valley
Conservation Foundation
Financial Statements
December 31, 2018**



Management's Responsibility for the Financial Statements

The accompanying financial statements of the Rideau Valley Conservation Foundation are the responsibility of the Organization's management and have been prepared in compliance with legislation, and in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO). A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Organization's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Organization. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Organization's financial statements.



Diane Downey, Executive Director



INDEPENDENT AUDITOR'S REPORT

To the Members of the Rideau Valley Conservation Foundation:

Opinion

We have audited the financial statements of the Rideau Valley Conservation Foundation (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in fund balances 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 12, 2019.

**Rideau Valley Conservation Foundation
Statement of Financial Position**

December 31	2018	2017
	\$	\$
ASSETS		
Current Assets		
Cash	838,331	661,259
Accounts receivable	103,383	223,595
	941,714	884,854
Investments (note 3)	270,414	279,944
Conservation Lands and Agreements (note 5)	1,473,642	1,435,967
	2,685,770	2,600,765
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	7,314	4,789
Due to Rideau Valley Conservation Authority	211,460	287,967
	218,774	292,756
FUND BALANCES (note 4)		
Unrestricted fund	96,914	42,674
Invested in conservation lands and agreements	1,473,642	1,435,967
Restricted fund	560,661	504,900
Endowment fund	335,779	324,468
	2,466,996	2,308,009
	2,685,770	2,600,765

On Behalf of the Board:

_____ Chair

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

Rideau Valley Conservation Foundation Statement of Operations

For the year ended December 31	(Note 8) Budget	2018	2017
	\$	\$	\$
REVENUES			
Donations ▶ general	---	112,385	163,265
▶ in kind	---	86,432	40,000
Species at Risk Funds	---	89,947	354,833
Government project funding	25,000	59,677	17,867
Project funding shoreline naturalization	---	35,453	64,033
Investment income (note 3)	1,117	3,581	12,718
Other income	13,000	10,808	26,596
TOTAL REVENUES	39,117	398,283	679,312
EXPENSES			
Donations to Rideau Valley Conservation Authority	---	211,460	325,637
Operating Expenses			
Advertising and promotion	10,000	11,873	6,808
Bank charges and interest	611	216	626
Donor recognition	300	---	---
Fundraising	3,475	3,094	1,398
Licences, memberships, dues	3,000	5,575	2,625
Office and general	1,000	1,176	1,377
Professional and consulting fees	3,000	4,922	4,358
Remembrance Park Cenotaph	---	---	51,271
Travel	1,400	980	1,250
TOTAL EXPENSES	22,786	239,296	395,350
EXCESS OF REVENUES OVER EXPENSES	16,331	158,987	283,962

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

Rideau Valley Conservation Foundation Statement of Changes in Fund Balances

For the year ended December 31	Unrestricted Fund	Invested in Conservation Lands and Agreements	Restricted Fund	Endowment Fund	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	42,674	1,435,967	504,900	324,468	2,308,009	2,024,047
EXCESS OF REVENUES OVER EXPENSES	121,312	37,675	---	---	158,987	283,962
TRANSFERS	(67,072)	---	55,761	11,311	---	---
BALANCE, END OF YEAR	96,914	1,473,642	560,661	335,779	2,466,996	2,308,009

Statement of Cash Flows

For the year ended December 31	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	158,987	283,962
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	120,212	(158,417)
Accounts payable and accrued liabilities	2,525	(1,153)
Due to Rideau Valley Conservation Authority	(76,507)	(12,703)
Cash provided by operating activities	46,230	(172,273)
CAPITAL ACTIVITIES		
Acquisition of conservation lands and agreements	(37,675)	(41,725)
INVESTING ACTIVITIES		
Net change in investments	9,530	(49,117)
NET CHANGE IN CASH	177,072	20,847
CASH, BEGINNING OF YEAR	661,259	640,412
CASH, END OF YEAR	838,331	661,259

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

Rideau Valley Conservation Foundation

Notes to the Financial Statements

December 31, 2018

Purpose of Organization

Rideau Valley Conservation Foundation was incorporated without share capital under Part II of the Canada Corporations Act. 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.

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

1. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

The Restricted Fund includes those resources to be used for identified purposes as specified externally by donors or internally by the Board of Directors.

The Endowment Fund includes those resources for which the donor has stipulated that the capital portion of the funds be maintained permanently.

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities, including activities related to the Restricted Fund and the Endowment Fund. At year-end, the Foundation transfers a portion of its net fundraising revenue to its Restricted and Endowment Funds.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a short maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Property

Property acquired before 1988 is recorded at a nominal value of \$1. The cost of asset purchases for minor office equipment is charged to expenditure in the year of acquisition. Major assets acquired after 1997 held for use in carrying out the purposes of the Foundation are carried in the balance sheet at cost and are not amortized.

Rideau Valley Conservation Foundation

Notes to the Financial Statements

December 31, 2018

1. Significant Accounting Policies / continued

Conservation Lands and Agreements

Purchased conservation lands and agreements are recorded at cost when title is transferred. The purchases are recorded as an expense to the extent that the purchase is internally financed.

Contributed conservation lands and agreements are recorded at fair market value when title is transferred. The contributions are recorded as revenue and also as an asset.

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

Revenue Recognition

Donations are recorded as revenue when received.

Unrestricted donations are recorded as revenue of the Unrestricted Fund. Designated donations represent contributions received for specific purposes and are recorded as revenue of the appropriate restricted fund. Endowment donations represent contributions received where only the income earned from the investment of the amounts received can be expensed.

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

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 service of volunteers. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities.

Financial instruments are initially measured at fair value. Subsequently, they are measured at amortized cost, except cash and investments which are measured at fair value.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the Statement of Operations.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the period. The most significant estimates used in the preparation of the financial statements include the fair value of investments and the amount of certain accrued liabilities. Actual results could differ from these estimates.

Rideau Valley Conservation Foundation Notes to the Financial Statements

December 31, 2018

2. Related Party Transactions

Expenditures are recorded on an accrual basis. During the year, the Foundation donated cash of \$211,460 (2017 \$287,967) to the Rideau Valley Conservation Authority.

Related party 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.

3. Investments

Investments are comprised of the following:

	2018	2017
	\$	\$
Fixed income	53,901	75,204
Preferred shares	4,863	6,060
Mutual funds	211,650	198,680
	270,414	279,944

Fixed income investments are comprised of Guaranteed Investment Certificates with maturity dates from 2019 to 2020 (2017 - 2018 to 2020), earning interest from 2.06% to 2.81% (2018 - 2.06% to 2.81%).

Investment income consists of the following:

	2018	2017
	\$	\$
Interest	9,890	4,085
Dividends	484	635
Managed fund distributions	1,887	3,122
Unrealized (losses) gains	(8,680)	4,876
	3,581	12,718

Rideau Valley Conservation Foundation
Notes to the Financial Statements

December 31, 2018

4. Fund Balances

	Opening Balance	Donations, Investment Income & Transfers from Other Funds	Funds Transferred to RVCA or Other Funds Organizations	Closing Balance
	\$	\$	\$	\$
Unrestricted Fund	42,674	82,077	27,837	96,914
Invested in Conservation Lands and Agreements	1,435,967	37,675	---	1,473,642
Restricted Fund				
Board Restricted				
▸ Operations Reserve	30,000	---	---	30,000
▸ Environmental Land Fund (ELF)	29,465	---	---	29,465
▸ Foundation Legal Defence Fund	1,000	---	---	1,000
▸ Foundation Land Acquisition Fund	85,997	17,814	---	103,811
Total Board Restricted	146,462	17,814	---	164,276
Donor Restricted				
▸ Barnswallow (SAR)	4,050	---	---	4,050
▸ Baxter	16,945	14,470	---	31,415
▸ Bobolink (SAR)	7,245	---	---	7,245
▸ Butterfly Garden	1,888	(212)	---	1,676
▸ Butternut (SAR)	28,529	30,643	46,354	12,818
▸ SAR (Administration)	12,759	(11,739)	---	1,020
▸ City Stream Watch	---	550	---	550
▸ CLMS	30,585	26,323	---	56,908
▸ Communications / LRC	---	784	---	784
▸ Don Maclver Memorial	4,962	---	---	4,962
▸ Foley Mountain Conservation Area	---	4,500	---	4,500
▸ Forestry Program (Carbon Neutral)	---	10,219	10,219	---
▸ Forestry Program (Living Memorial Fund)	---	1,533	1,533	---
▸ Forestry Program (Tree Planting)	---	10,027	10,027	---
▸ Forestry (SAR)	34,276	43,765	75,663	2,378
▸ Friends of Jock River	4,190	---	---	4,190
▸ Memorial Bench Program (CLMS)	4,547	700	---	5,247
▸ Memorial Bench Program Maintenance	1,300	300	---	1,600
▸ Motts Mills Dam & Hutton Marsh Restoration Project	11,752	---	---	11,752
▸ Mud Creek Landscaping	76,536	29,165	4,821	100,880
▸ Otty Lake Association	1,150	---	---	1,150
▸ Poole Creek Landscaping	75,892	---	---	75,892
▸ Remembrance Park	8,278	1,243	---	9,521
▸ Sandi Slater Memorial Fund (Meisel)	4,382	288	---	4,670
▸ SS: Healthy Watershed Project	---	3,925	1,500	2,425
▸ SS: Shoreline Naturalization	---	20,697	16,864	3,833
▸ Tri Valley Conservation Awards Gala	3,400	---	---	3,400
▸ W. Nicol Foundation Fund	---	20,000	---	20,000
▸ WSES: Watershed Planning	---	42,225	41,344	881
▸ Other	25,773	---	3,135	22,638
Total Donor Restricted	358,439	249,406	211,460	396,385
Total Restricted Fund	504,901	267,220	211,460	560,661

Rideau Valley Conservation Foundation Notes to the Financial Statements

December 31, 2018

4. Fund Balances / continued

	Opening Balance	Donations, Investment Income & Transfers from Other Funds	Funds Transferred to RVCA, Other Funds or Organizations	Closing Balance
	\$	\$	\$	\$
Endowment Fund				
▸ Steve Simmering Land Endowment Fund	238,754	19,991	---	258,745
▸ Legget Endowment Fund	10,000	---	---	10,000
▸ Gerald Williams Endowment Fund	45,187	---	---	45,187
▸ Unrealized Gains (Losses) on Investments	30,527	(8,680)	---	21,847
Total Endowment Fund	324,468	11,311	---	335,779
Total Fund Balances	2,308,009	398,283	239,296	2,466,996

5. Conservation Lands and Agreements

The property held at year end includes:

Property	Date of Acquisition	2018	2017
		\$	\$
Bula	December 8, 1997	150,000	150,000
McEwen	June 9, 1998	112,500	112,500
McAlpine	October 27, 1998	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 21, 2009	25,000	25,000
Boucher	December 8, 2009	80,000	80,000
Brown	February 8, 2010	28,000	28,000
Loucks (Easement)	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	50,933	50,933
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
Kazckowski	December 21, 2017	41,725	41,725
Struthers	February 22, 2018	37,675	---
		1,473,642	1,435,967

Rideau Valley Conservation Foundation

Notes to the Financial Statements

December 31, 2018

6. Financial Instruments and Risk Management

In the normal course of operations, the Foundation is exposed to a variety of financial risks which are actively managed by the Foundation.

The Foundation's exposure to and management of risk has not changed materially from December 31, 2017.

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 it 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 in 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. Changes in variable interest 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 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.

7. Capital Disclosures

The Foundation defines capital as its unrestricted, restricted, endowment and investment in conservation lands and agreements fund balances.

The objective of the Foundation with respect to capital is to provide funds for future projects, capital acquisitions and ongoing operations.

There have been no changes to the Foundation's capital requirements and its overall strategy with regards to capital remains unchanged from the prior year.

8. Budget Figures

The 2018 budget amounts are unaudited.