

**FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

---

**CONTENTS**

Management's Responsibility for the Financial Statements. . . . .	1
Independent Auditor's Report. . . . .	2 - 3
Statement of Financial Position. . . . .	4
Statement of Operations. . . . .	5
Statement of Changes in Fund Balances . . . . .	6
Statement of Cash Flows. . . . .	6
Notes to the Financial Statements. . . . .	7 - 13

---

**Rideau Valley  
Conservation Foundation  
Financial Statements  
December 31, 2016**



## **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.

---

Dan Cooper, Executive Director

## INDEPENDENT AUDITOR'S REPORT

---

### **To the Members of Rideau Valley Conservation Foundation:**

We have audited the accompanying financial statements of Rideau Valley Conservation Foundation which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rideau Valley Conservation Foundation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario,  
April 24, 2017.

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

December 31	2016	(Note 8) 2015
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	640,412	754,150
Accounts receivable	65,178	102,973
	705,590	857,123
<b>Investments</b> (note 3)	230,827	223,771
<b>Conservation Lands and Agreements</b> (note 5)	1,394,242	1,394,235
	2,330,659	2,475,129
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	5,942	12,115
Due to Rideau Valley Conservation Authority	300,670	592,610
	306,612	604,725
<b>FUND BALANCES</b> (note 4)		
Unrestricted fund	17,167	5,983
Invested in conservation lands and agreements	1,394,242	1,394,235
Restricted fund	311,048	203,900
Endowment fund	301,590	266,286
	2,024,047	1,870,404
	2,330,659	2,475,129

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	2016	(Note 8) 2015
	\$	\$
<b>REVENUES</b>		
Donations ▶ general	131,341	75,378
▶ in kind	---	7,830
Species at Risk Funds	99,959	115,422
Government project funding	62,359	17,610
Project funding shoreline naturalization	145,320	116,325
Investment income (note 3)	14,149	3,695
Other income	18,984	3,207
<b>TOTAL REVENUES</b>	<b>472,112</b>	<b>339,467</b>
<b>EXPENSES</b>		
Donations to Rideau Valley Conservation Authority		
Cash	298,895	592,610
In kind	---	7,830
Operating expenses		
Advertising and promotion	5,226	6,666
Bad debts	200	135,496
Bank charges and interest	612	1,163
Fundraising	1,139	2,016
Licences, memberships, dues	3,517	1,960
Office and general	3,180	1,163
Professional and consulting fees	4,558	3,300
Training and education	---	45
Travel	1,142	1,335
<b>TOTAL EXPENSES</b>	<b>318,469</b>	<b>753,584</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>153,643</b>	<b>(414,117)</b>

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	2016 Total	(Note 8) 2015 Total
	\$	\$	\$	\$	\$	\$
<b>BALANCE, BEGINNING OF YEAR</b>	5,983	1,394,235	203,900	266,286	<b>1,870,404</b>	2,284,521
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	153,643	---	----	---	<b>153,643</b>	(414,117)
<b>TRANSFERS</b>	(142,459)	7	107,148	35,304	---	---
<b>BALANCE, END OF YEAR</b>	17,167	1,394,242	311,048	301,590	<b>2,024,047</b>	1,870,404

## Statement of Cash Flows

For the year ended December 31	2016	(Note 8) 2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	153,643	(414,117)
<b>Net Change in Non-Cash Working Capital Balances Related to Operations</b>		
Accounts receivable	37,795	(10,070)
Accounts payable and accrued liabilities	(6,173)	(36,582)
Due to Rideau Valley Conservation Authority	(291,940)	(20,153)
Cash provided by operating activities	(106,675)	(480,922)
<b>CAPITAL ACTIVITIES</b>		
Acquisition of conservation lands and agreements	(7)	---
<b>INVESTING ACTIVITIES</b>		
Net change in investments	(7,056)	4,447
<b>NET CHANGE IN CASH</b>	(113,738)	(476,475)
<b>CASH, BEGINNING OF YEAR</b>	754,150	1,230,625
<b>CASH, END OF YEAR</b>	640,412	754,150

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

---

# Rideau Valley Conservation Foundation

## Notes to the Financial Statements

December 31, 2016

---

### **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, 2016

---

### 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, 2016

---

### 2. Related Party Transactions

Expenditures are recorded on an accrual basis. During the year, the Foundation donated cash of \$298,895 (2015 \$592,610) 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:

	2016	2015
	\$	\$
Fixed income	123,585	122,965
Preferred shares	5,403	5,142
Mutual funds	101,839	95,664
	<b>230,827</b>	<b>223,771</b>

---

Fixed income investments are comprised of Guaranteed Investment Certificates with maturity dates from 2017 to 2020 (2015 - 2016 to 2020), earning interest from 1.47% to 2.81% (2015 - 2.06% to 2.81%).

Investment income consists of the following:

	2016	2015
	\$	\$
Interest	3,076	3,779
Dividends	300	300
Managed fund distributions	977	3,381
Unrealized gains (losses)	9,796	(3,765)
	<b>14,149</b>	<b>3,695</b>

---

**Rideau Valley Conservation Foundation**  
**Notes to the Financial Statements**

December 31, 2016

**4. Fund Balances**

	Opening Balance	Donations, Investment Income & Transfers from Other Funds	Funds Transferred to RVCA or Other Funds Organizations	Closing Balance
	\$	\$	\$	\$
<b>Unrestricted Fund</b>	5,983	36,710	(25,526)	17,167
<b>Invested in Conservation Lands and Agreements</b>	1,394,235	7	---	1,394,242
<b>Restricted Fund</b>				
Board Restricted				
▸ Operations Reserve	30,000	---	---	30,000
▸ Environmental Land Fund (ELF)	20,000	---	---	20,000
▸ Foundation Legal Defence Fund	1,000	---	---	1,000
▸ Foundation Land Acquisition Fund	---	26,161	---	26,161
Total Board Restricted	51,000	26,161	---	77,161
<b>Donor Restricted</b>				
▸ Barnswallow (SAR)	4,050	---	---	4,050
▸ Baxter	---	7,575	(7,575)	---
▸ Bobolink (SAR)	7,244	---	---	7,244
▸ Butterfly Garden	2,205	---	(77)	2,128
▸ Butternut (SAR)	23,117	22,112	(22,112)	23,117
▸ City Stream Watch	---	33,575	(33,575)	---
▸ Chapman Mills	---	27,339	(21,250)	6,089
▸ CLMS	---	13,640	(10,000)	3,640
▸ Communications / LRC	---	2,286	(2,286)	---
▸ Foley Mountain Conservation Area	---	3,033	(3,033)	---
▸ Forestry Program (Carbon Neutral)	---	15,517	(15,347)	170
▸ Forestry Program (Living Memorial Fund)	---	892	(892)	---
▸ Forestry Program (Tree Planting)	---	10,012	(10,012)	---
▸ Forestry SAR	---	36,925	(36,925)	---
▸ Friends of Jock River	---	4,190	---	4,190
▸ Memorial Bench Program (CLMS)	---	6,450	(6,450)	---
▸ Memorial Bench Program Maintenance	---	1,650	---	1,650
▸ Motts Mills Dam & Hutton Marsh Restoration Project	11,752	---	---	11,752
▸ Mud Creek Landscaping	---	107,867	(55,761)	52,106
▸ Otty Lake Association	1,150	---	---	1,150
▸ Other	25,773	---	---	25,773
▸ Poole Creek Landscaping	63,387	36,653	(24,147)	75,893
▸ Sandi Slater Memorial Fund (Meisel)	4,282	---	---	4,282
▸ SS: Shoreline Naturalization	---	34,528	(34,528)	---
▸ Tri Valley Conservation Awards Gala	3,400	---	---	3,400
▸ WSES Watershed Planning	---	5,713	(5,000)	713
▸ WSES Brewar Park	1,000	---	---	1,000
▸ WSES Jock River Landing Shoreline Restoration	1,000	---	---	1,000
▸ WSES - Algae and Phosphorus Program	4,540	---	---	4,540
▸ WSES - Otty Lake	---	4,050	(4,050)	---
Total Donor Restricted	152,900	374,007	(293,020)	233,887
<b>Total Restricted Fund</b>	203,900	400,168	(293,020)	311,048

## Rideau Valley Conservation Foundation Notes to the Financial Statements

December 31, 2016

#### 4. Fund Balances / continued

	Opening Balance	Donations, Investment Income & Transfers from Other Funds	Funds Transferred to RVCA, Other Funds or Organizations	Closing Balance
	\$	\$	\$	\$
<b>Endowment Fund</b>				
▸ Steve Simmering Conservation Land Endowment Fund	195,244	25,508	---	220,752
▸ Legget Endowment Fund	10,000	---	---	10,000
▸ Gerald Williams Endowment Fund	45,187	---	---	45,187
▸ Unrealized Gains on Investments	15,855	9,796	---	25,651
<b>Total Endowment Fund</b>	266,286	35,304	---	301,590
<b>Total Fund Balances</b>	<b>1,870,404</b>	<b>472,189</b>	<b>(318,546)</b>	<b>2,024,047</b>

#### 5. Conservation Lands and Agreements

The property held at year end includes:

Property	Date of Acquisition	2016	2015
		\$	\$
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, 2015	22,000	22,000
Medley	April 18, 2015	35,000	35,000
De Pencier	April 25, 2016	6	---
Rideau Trail	April 25, 2016	1	---
		1,394,242	1,394,235

---

# Rideau Valley Conservation Foundation

## Notes to the Financial Statements

December 31, 2016

---

### 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, 2015.

#### 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.

---

---

**Rideau Valley Conservation Foundation**  
**Notes to the Financial Statements**

**December 31, 2016**

---

**8. Restatement of Prior Period**

In prior years, the Foundation's investments were measured at cost. The accounting policy of the Foundation, however, is to measure investments at fair value which includes recognizing unrealized gains and losses. This change has been applied retroactively and resulted in an increase of \$15,855 to the investments balance and the Endowment Fund balance reported on the Statement of Financial Position as at December 31, 2015. This change also resulted in a decrease to the investment income balance and an increase in the deficiency of revenues over expenses in the amount of \$3,765 for the year ended December 31, 2015.

Other comparative information has also been adjusted as follows:

	As Previously Reported	As Restated
<b>Endowment Funds</b>	\$	\$
Balance, December 31, 2014	232,072	232,072
Adjust to fair value from cost	---	19,620
Balance, December 31, 2014	232,072	251,692
Net transfers for 2015	18,359	18,359
Adjust for unrealized losses	---	(3,765)
Balance, December 31, 2015	250,431	266,286

---

**9. Comparative Figures**

Comparative figures have been reclassified to conform to the current year's financial statement presentation.

---