

Financial Statements
For the year ended December 31, 2015



KAWARTHA LAND TRUST
Protecting the land you love

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KAWARTHA LAND TRUST

Management's Responsibility for Financial Information

The financial information and all information contained in this annual report were compiled by the management of the Kawartha Land Trust, which is responsible for the integrity and fairness of the information presented. The information provided herein has, in the opinion of management, been prepared using appropriate accounting policies; and is based on informed judgments and estimates of the expected effects of current events and transactions that are in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. These controls include quality standards in hiring and training employees, policies and procedures, a corporate code of conduct and accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors oversees management's responsibilities for the financial statements. The Board of Directors conducts a detailed review of the financial statements with management and the external auditors before recommending their approval. The Board of Directors reviews all related party transactions and ensures any such transactions that might materially affect the stability or solvency of the organization are identified and reported to the Board. Ultimately, and notwithstanding management's role, it is the Board of Directors that is accountable for the operations of the organization. The Board of Directors is composed entirely of directors who are neither management nor employees of the organization.

Steven Bark, Chartered Professional Accountants, external auditors appointed by the Board of Directors, have examined the financial statements of the organization in accordance with Canadian accounting standards for not-for-profit organizations. The auditors have full and free access to, and meet as deemed required with, the Board of Directors and management to discuss their audit and matters relating to financial statement presentation, internal controls and audit procedures.

Michael Hendren
Executive Director
Peterborough, ON
May 11, 2016

Alec Gowland
Treasurer
Peterborough, ON
May 11, 2016



STEVEN C BARK PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

**To the Board of Directors of
Kawartha Land Trust**

Report on Financial Statements

We have audited the accompanying financial statements of Kawartha Land Trust, which are comprised of the statement of financial position as at December 31, 2015, and the statements of fund balances, revenues and expenses, 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 Auditing Standards, 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 these 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 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 Kawartha Land Trust as at December 31, 2015 and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Steven C Bark Professional Corporation

CPA, CA
Licensed Public Accountant
Peterborough, Ontario
May 11, 2016

Kawartha Land Trust Statement of Financial Position

December 31	2015	2014
Assets		
Current		
Cash - Note 16	\$ 826,657	\$ 124,277
Accounts and pledges receivable - Notes 5, 16 and 17	401,973	27,137
Prepaid expenses	5,039	4,536
	<u>1,233,669</u>	<u>155,950</u>
Investments - Notes 6, 16 and 18	10,000	-
Capital Assets - Notes 7 and 19	<u>6,625,330</u>	<u>2,609,842</u>
	<u>\$ 7,868,999</u>	<u>\$ 2,765,792</u>

Liabilities and Fund Balance

Current		
Accounts payable and accrued liabilities - Notes 16 and 20	\$ 73,460	\$ 10,100
Statutory deductions payable - Notes 16 and 20	3,794	2,870
Deferred revenue - Notes 8 and 16	24,166	20,921
	<u>101,420</u>	<u>33,891</u>
Fund Balances - Note 9		
Invested in capital assets	6,625,330	2,609,842
Land securement and stewardship fund - Note 21	958,696	23,959
Operating fund	183,553	98,100
	<u>7,767,579</u>	<u>2,731,901</u>
	<u>\$ 7,868,999</u>	<u>\$ 2,765,792</u>

On behalf of the Board:

 Director
Alec Gowland

The accompanying notes are an integral part of these financial statements

Kawartha Land Trust Statement of Fund Balances

For the year ended December 31				2015	2014
	Invested in Capital Assets	Land Securement & Stewardship	Operating Fund	Total	Total
Balance - beginning of the year	\$ 2,609,842	\$ 23,959	\$ 98,100	\$ 2,731,901	\$ 2,583,154
Excess of Revenues Over Expenses	4,015,488	934,737	85,453	5,035,678	148,747
Balance - end of the year	\$ 6,625,330	\$ 958,696	\$ 183,553	\$ 7,767,579	\$ 2,731,901

The accompanying notes are an integral part of these financial statements

Kawartha Land Trust

Statement of Revenues and Expenses

For the year ended December 31

2015

2014

	Invested in Capital Assets	Land Securement & Stewardship	Operating Fund	Total	Total
Revenues - Note 10					
Grants	\$ -	\$ 207,234	\$ 216,345	\$ 423,579	\$ 185,374
Donation of land	4,017,000			4,017,000	93,000
Donations		901,868	83,732	985,600	131,508
Fees for service			-	-	5,310
Interest income			150	150	-
Other income		9,618	8,134	17,752	7,062
	4,017,000	1,118,720	308,361	5,444,081	422,254
Expenses					
Amortization	1,512			1,512	4,260
Community engagement			20,706	20,706	15,588
Community events			10,915	10,915	13,699
Fundraising			9,170	9,170	5,676
Land stewardship		18,508	7,230	25,738	18,526
Land securement		110,373	159	110,532	11,652
Operations		1,330	29,210	30,540	20,569
Professional fees			-	4,365	4,365
Salaries and benefits		53,772	145,518	194,925	179,172
	1,512	183,983	222,908	408,403	273,507
Excess of Revenues					
Over Expenses	\$ 4,015,488	\$ 934,737	\$ 85,453	\$ 5,035,678	\$ 148,747

The accompanying notes are an integral part of these financial statements



Kawartha Land Trust Statement of Cash Flows

For the period ended December 31	2015	2014
Cash Flows from Operating Activities		
Net income	\$ 5,035,678	\$ 148,747
Items not involving cash		
Amortization of capital assets	1,512	4,260
	5,037,190	153,007
Changes in non-cash working capital balances		
Accounts receivable	(374,835)	(16,262)
Short term investments	(10,000)	-
Prepaid expenses	(503)	(2,346)
Accounts payable and accrued liabilities	63,359	(3,429)
Statutory deductions payable	924	(60)
Deferred revenue	3,245	(16,300)
	4,719,380	114,610
Cash Flows from Investing Activities		
Purchase and donation of capital assets	(4,017,000)	(93,000)
Increase in Cash	702,380	21,610
Cash - net - beginning of the period	124,277	102,667
Cash - net - end of the period	\$ 826,657	\$ 124,277

The accompanying notes are an integral part of these financial statements



Kawartha Land Trust

Organization Information and Significant Accounting Policies

December 31, 2015

1. Nature of Entity

The Kawartha Land Trust ["the Trust"] is a registered charity whose mission is caring for lands entrusted to us, and helping others protect the land they love in the Kawarthas.

The Trust qualifies as a non-profit organization as defined in the Federal and Ontario Income Tax Act, and accordingly is not subject to corporation income taxes.

2. Accounting Standards

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

3. Financial Instruments

a) Measurement

The Trust initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Subsequently, the Trust measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, and accounts and pledges receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, statutory deductions payable, and long-term debt.

The Trust's financial assets measured at fair value include long-term investments.

b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

c) Transaction Costs

The Trust recognizes its transaction costs in net income in the period incurred. However financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance, or assumption.

Kawartha Land Trust

Organization Information and Significant Accounting Policies

December 31, 2015

4. Management Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period.

Key areas where management has made complex or subjective judgments include determination of useful lives of capital assets and the related amortization expenses, and accounts payable and accrued liabilities.

Difference in actual results from prior estimates are taken into account at the time the differences are determined.

5. Accounts and Pledges Receivable

Accounts receivable includes amounts owing by a funder for approved expenditures incurred in the current year. Donations, including pledges, are recognized when the amount is determinable, and management are confident that the amount pledged will be collected.

6. Investments

Investments are accounted for on the cost basis. Income is recognized as received or receivable. Any decline in value of the investment is written off to income of the current year's operations.

7. Capital Assets

Land gifted to the Trust for a donation receipt for the tax purposes of a donor is subject to extensive valuation, and carried at that valuation amount. For those donations of lands or conservation agreements certified through the federal Ecological Gifts program, the Canadian Income Tax Act prohibits the transfer of such assets to an entity which is not a 'qualified donee' except with the approval of Environment Canada. For those few land gifts where a donation receipt is not sought and formal appraisal not obtained, the property is carried at management's best estimate of value.

Funding received to assist in land acquisition and fixed asset purchases is accounted for as grant or donation revenue, not as an offset to that acquisition. Costs incurred during the process of acquiring land or conservation agreements in gross are expensed to the statement of revenues and expenses of the Land Securement & Stewardship Fund during the acquisition period, provided monies are available in that fund. If monies are not available in that fund, such costs are expensed to the statement of revenues and expenses of the Operating Fund.

Furniture and chattels are recorded at acquisition cost; and amortized at the following rates:

Furniture and equipment - 5-year straight line



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PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

Kawartha Land Trust Financial Instruments Analysis

December 31, 2015

8. Deferred Revenue

Deferred revenue is the amount which represents an excess of revenue received over expenditures made to the year end for certain programs.

9. Fund Balances

Contributions made to the Trust, where the donor directs the monies be used for a specific cause or project, are segregated into a restricted fund. The activity of such cause or project is compiled and disclosed in a statement of revenues and expenses separate from the operating funds.

10. Revenue Recognition

The Trust follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

11. Donated Goods and Services

The value of donated goods and services are not reflected in the financial statements.

Kawartha Land Trust Financial Instruments Analysis

December 31, 2015

The Trust's financial instruments consists of cash and bank accounts, accounts and notes receivables, accounts payable and accrued liabilities, and deferred revenue. The financial statements are subject to several types of risk, the main components being:

12. Fair Value Risk

The carrying values of all the financial instruments approximates their fair values due to their short-term realization or maturity period, and based on the assumption that as the organization is a going concern it expects to promptly repay all current liabilities.

13. Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligation. The Trust is exposed to that risk from its funders. Due to the nature of the organization, the credit risk is minimized by the signed contracts received from recognized government and institutional funders prior to beginning the programs in question.

14. Liquidity Risk

Liquidity risk is the risk that the Trust cannot meet its obligations to its creditors when they come due. The Trust reduces its exposure to liquidity risk by looking for new funding programs for current operating expenditures from individuals, government agencies, and other non-profit organizations; and constantly monitors cash inflow and outflow activity.

15. Changes in Risk

There have been no significant changes in the Trust's risk exposures from the prior year.

Kawartha Land Trust

Notes to the Financial Statements

December 31, 2015

16. Financial Instruments

The fair values of the financial instruments approximate their carrying values, unless otherwise noted.

17. Accounts and Pledges Receivable

	2015	2014
Accounts receivable	\$ 16,526	\$ 27,137
Pledges receivable	385,447	-
	<u>\$ 401,973</u>	<u>\$ 27,137</u>

All of the amounts in accounts receivable are in the normal course of business, for which the Trust has not set up an allowance for uncollectable accounts in 2015 [2014 : nil].

Management was of the opinion that responsible stewardship of Boyd Island would require significant funds; and therefore a successful funding campaign was deemed to be a prerequisite to acquiring the property. The Trust reached the funding goal; but not all pledges were received by year-end. All of the pledges receivable are collectible; and the Trust has not set up an allowance for uncollectable amounts in 2015.

18. Investments

The investment is managed by a foundation whose mandate is to provide financial support for other not-for-profit organizations.

\$ 10,000	\$ -
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19. Capital Assets

The Trust owns six properties in fee simple, which conveys full ownership to the organization.

The Trust also has the right to five properties by conservation agreement in gross, in which the title to the property is held by the owner, but usage of the particular property is restricted or controlled by the Trust.

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Protected lands				
- Fee simple	\$ 5,504,000	\$ -	\$ 1,487,000	\$ -
- Conservation easement agreement	1,121,000	-	1,121,000	-
Furniture and chattels	26,261	25,931	26,261	24,419
	<u>\$ 6,651,261</u>	<u>\$ 25,931</u>	<u>\$ 2,634,261</u>	<u>\$ 24,419</u>
Net book value		\$ 6,625,330		\$ 2,609,842



STEVEN C BARK
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

Kawartha Land Trust Notes to the Financial Statements

December 31, 2015

20. Accounts Payable and Accrued Liabilities and Statutory Deductions Payable

All of the amounts in accounts payable are trade liabilities or accruals in the normal course of business. Statutory deductions are comprised of payroll withholdings, which is current.

21. Restriction on Land Securement & Stewardship Fund

The Land Securement & Stewardship fund is made up of following internally and externally restricted funds.

	2015	2014
Kawartha Land Preservation Fund - internal	\$ 12,507	\$ 12,507
Boyd Island Fund - external	934,469	-
Other Designated Property Funds - external	11,720	11,452
	<u>\$ 958,696</u>	<u>\$ 23,959</u>

22. Commitments

The Trust has negotiated a three-year lease commencing April 1, 2015 - as yet unsigned - for its premises, which requires future minimum lease payments of \$1,251 plus HST monthly, increasing 1.4% annually.
