KAWARTHA LAND TRUST

Protecting the land you love.

Financial Statements
For the year ended December 31, 2014

KAWARTHA LAND TRUST

Contents

Management's Responsibility for Financial Information 2

Independent Auditors' Report 3

Financial Statements

Statement of Financial Position 4

Statement of Fund Balances 5

Statement of Revenues and Expenses 6

Statement of Cash Flows 7

Organization Information and Significant Accounting Policies 8 - 9

Financial Instruments Analysis 10

Notes to the Financial Statements 11 - 12

KAWARTHA LAND TRUST

156 McDonnel St., Peterborough, ON, K9J 7Y8
705-743-5599 · kawarthalandtrust.org

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.

Executive Director
Peterborough, ON
April 29, 2015

Treasurer
Peterborough, ON
April 29, 2015

STEVEN BARK
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, 2014, 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, 2014 and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Steven Bark

CPA, CA
Licensed Public Accountant

Peterborough, Ontario
April 29, 2015

Kawartha Land Trust
Statement of Financial Position

December 31	2014	2013
Assets		
Current		
Cash - Note 14	$ **124,277**	$ 102,667
Accounts receivable - Notes 14 and 15	**27,137**	10,876
Prepaid expenses	**4,536**	2,190
	155,950	115,733
Capital Assets - Note 16	**2,609,842**	2,521,102
	$ **2,765,792**	$ 2,636,835
Liabilities and Fund Balance		
Current		
Accounts payable and accrued liabilities - Notes 14 and 17	$ **10,099**	$ 13,531
Statutory deductions payable - Notes 14 and 17	**2,870**	2,930
Deferred revenue - Note 14	**20,921**	37,220
	33,890	53,681
Fund Balances		
Invested in capital assets	**2,609,842**	2,521,102
Land securement and stewardship fund - Note 18	**23,959**	20,662
Operating fund	**98,101**	41,390
	2,731,902	2,583,154
	$ **2,765,792**	$ 2,636,835

On behalf of the Board:

Amy Gowland Director

STEVEN BARK
CHARTERED PROFESSIONAL ACCOUNTANTS

The accompanying notes are an integral part of these financial statements

Kawartha Land Trust
Statement of Fund Balances

For the year ended December 31				2014	2013
	Invested in Capital Assets	Land Securement & Stewardship	Operating Fund	Total	Total
Balance - beginning of the year	$ 2,521,102	$ 20,662	$ 41,390	$ 2,583,154	$ 2,372,559
Excess of Revenues Over Expenses	88,740	3,297	56,711	148,748	210,595
Balance - end of the year	$ 2,609,842	$ 23,959	$ 98,101	$ 2,731,902	$ 2,583,154

STEVEN BARK
CHARTERED PROFESSIONAL ACCOUNTANTS

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	Invested in Capital Assets	Land Securement & Stewardship	Operating Fund	2014 Total	2013 Total
Revenues					
Grants	$ -	$ 13,631	$ 171,743	$ 185,374	$ 184,309
Donation of land	93,000			93,000	187,000
Donations		4,023	119,285	123,308	53,441
Restricted donations		8,200		8,200	3,325
Fees for service			5,310	5,310	27,525
Other income			7,062	7,062	11,146
	93,000	25,854	303,400	422,254	466,746
Expenses					
Amortization	4,260			4,260	4,260
Community engagement			15,587	15,587	28,712
Community events			13,699	13,699	9,829
Fundraising			5,676	5,676	5,049
Land stewardship		16,476	2,050	18,526	12,576
Land securement		6,081	5,571	11,652	4,480
Operations			20,569	20,569	19,014
Professional fees			4,365	4,365	4,365
Salaries and benefits		-	179,172	179,172	167,866
	4,260	22,557	246,689	273,506	256,151
Excess of Revenues Over Expenses	$ 88,740	$ 3,297	$ 56,711	$ 148,748	$ 210,595

The accompanying notes are an integral part of these financial statements

STEVEN BARK
CHARTERED PROFESSIONAL ACCOUNTANTS

Kawartha Land Trust
Statement of Cash Flows

For the period ended December 31	2014	2013
Cash Flows from Operating Activities		
Net income	**$ 148,748**	$ 210,595
Items not involving cash		
Amortization of capital assets	**4,260**	4,260
	153,008	214,855
Changes in non-cash working capital balances		
Accounts receivable	**(16,263)**	28,650
Prepaid expenses	**(2,346)**	(153)
Accounts payable and accrued liabilities	**(3,429)**	7,395
Statutory deductions payable	**(60)**	217
Deferred revenue	**(16,300)**	(6,422)
	114,610	244,542
Cash Flows from Investing Activities		
Purchase and donation of capital assets	**(93,000)**	(187,000)
Increase in Cash	**21,610**	57,542
Cash - net - beginning of the period	**102,667**	45,125
Cash - net - end of the period	**$ 124,277**	$ 102,667

The accompanying notes are an integral part of these financial statements

STEVEN BARK
CHARTERED PROFESSIONAL ACCOUNTANTS

1. Nature of Entity

The Kawartha Land 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. Prior to the 2013 year, the organization operated under the name "Kawartha Heritage Conservancy".

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

Subsequently, the organization 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, accounts receivable, and amounts due from related corporate and individual parties.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, advances from shareholders, amounts due to related corporate and individual parties, and long-term debt.

The organization's financial assets measured at fair value include short-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 the improvement, 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 organization 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.

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.

(continued)

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PROFESSIONAL ACCOUNTANTS

4. Management Estimates (continued)

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 Receivable

Accounts receivable includes amounts owing by the funder for approved expenditures incurred in the current year.

6. Capital Assets

Land gifted to the organization for a donation receipt for the personal tax purposes of the 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 assets purchases is accounted for as grant or donation revenue, not as an offset to that acquisition.

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

Furniture and equipment - 5-year straight line

7. Deferred Revenue

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

8. Revenue Recognition

The organization 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.

9. Donated Goods and Services

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

STEVEN BARK
CHARTERED PROFESSIONAL ACCOUNTANTS

December 31, 2014

The company'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:

10. 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.

11. Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligation. The company 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.

12. Liquidity Risk

Liquidity risk is the risk that the company cannot meet its obligations to its creditors when they come due. The company 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.

13. Changes in Risk

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

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14. Financial Instruments

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

15. Accounts Receivable

All of the amounts in accounts receivable are in the normal course of business, for which the corporation has not set up an allowance for uncollectible accounts [2013 : nil].

16. Capital Assets

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

The organization 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 organization.

	2014		2013	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Protected lands				
- Fee simple	**$ 1,487,000**	**$ -**	$ 1,487,000	$ -
- Conservation easement agreement	**1,121,000**	**-**	1,028,000	-
Furniture and chattels	**26,261**	**24,419**	26,261	20,159
	$ 2,634,261	**$ 24,419**	$ 2,541,261	$ 20,159
Net book value	**$ 2,609,842**			$ 2,521,102

17. Accounts Payable and Statutory Deductions

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.

18. Restriction on Net Assets

The board of directors has internally restricted $23,959 [2013 : $20,662] of net assets to be used for purpose of land securement and stewardship.

19. Commitments

The agency has entered into a lease for its premises which requires future minimum lease payments, including applicable taxes, of $1,130 monthly until December 31, 2015. The lease then provides for one extension for a term of one year, the annual rent to be negotiated.

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20. Financial Statement Presentation

In the current year the presentation of various expenses have been re-grouped in a manner that better reflects how management and funders view expenses. The prior year's financial statements have been changed to reflect these new groupings.

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