

**The Couchiching Conservancy**  
**Financial Statements**  
For the Year Ended October 31, 2018

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## **Independent Auditors' Report**

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**To the Members of  
The Couchiching Conservancy**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Couchiching Conservancy, which comprise the statement of financial position as at October 31, 2018, and the statement of operations and changes in net assets and the statement of 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 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 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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the organization derives revenue from donations and special events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues for the years ending October 31, 2018 and October 31, 2017 was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donations and special events revenue, excess of revenues over expenses, and cash flows from operations.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial position of The Couchiching Conservancy as at October 31, 2018, and the results of its operations and its cash flows for the year then ended is in accordance with Canadian accounting standards for not-for-profit organizations.



**Hehn Trickey Professional Corporation**  
**Chartered Professional Accountants**

*Authorized to practise public accounting by  
the Chartered Professional Accountants of Ontario*

Orillia, Ontario  
January 14, 2019

**The Couchiching Conservancy**  
**Statement of Financial Position**  
**As at October 31, 2018**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2018	October 31 2017
<b>Assets</b>					
<b>Current</b>					
Cash and bank	\$ 76,644	\$ -	\$ -	\$ 76,644	\$ 449,430
Short-term investments (Note 3 and 16)	163,872	201,246	36,236	401,354	476,491
Accounts receivable	35,524	-	-	35,524	26,372
Government grants receivable	42,862	-	-	42,862	28,821
Accrued interest receivable	2,242	-	-	2,242	1,018
Interfund receivable	10,951	-	-	10,951	-
Prepaid expenses	4,180	-	-	4,180	14,336
	<b>336,275</b>	<b>201,246</b>	<b>36,236</b>	<b>573,757</b>	<b>996,468</b>
<b>Long-term investments</b> (Note 3 and 16)	-	-	226,989	226,989	28,710
<b>Endowment assets</b> (Note 4 and 16)	-	-	466,907	466,907	332,430
<b>Capital assets</b> (Note 5)	777	4,796,058	-	4,796,835	4,180,752
	<b>\$ 337,052</b>	<b>\$ 4,997,304</b>	<b>\$ 730,132</b>	<b>\$ 6,064,488</b>	<b>\$ 5,538,360</b>
<b>Liabilities and Net Assets</b>					
<b>Current</b>					
Accounts payable (Note 6)	\$ 38,800	\$ -	\$ -	\$ 38,800	\$ 25,914
Interfund payable	-	-	10,951	10,951	-
Deferred contributions (Note 7)	101,834	-	-	101,834	498,746
	<b>140,634</b>	<b>-</b>	<b>10,951</b>	<b>151,585</b>	<b>524,660</b>
<b>Net Assets</b>					
Unrestricted (Note 8)	78,304	-	-	78,304	70,793
Invested in capital assets (Note 8 and 9)	777	4,796,058	-	4,796,835	4,180,752
Internally restricted - acquisition (Note 9)	-	201,246	-	201,246	106,032
President's reserve (Note 8)	117,337	-	-	117,337	117,337
Internally restricted - other (Note 10 and 16)	-	-	540,976	540,976	460,581
Externally restricted - other (Note 11 and 16)	-	-	178,205	178,205	78,205
	<b>196,418</b>	<b>4,997,304</b>	<b>719,181</b>	<b>5,912,903</b>	<b>5,013,700</b>
	<b>\$ 337,052</b>	<b>\$ 4,997,304</b>	<b>\$ 730,132</b>	<b>\$ 6,064,488</b>	<b>\$ 5,538,360</b>

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

**The Couchiching Conservancy**  
**Statement of Operations and Changes in Net Assets**  
**For the Year Ended October 31, 2018**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2018	Budget (Note 13)	October 31 2017
<b>Revenues</b>						
Donations (Schedule 1)	\$ 160,443	\$ 457,192	\$ 27,551	\$ 645,186	\$ 542,210	\$ 498,722
Grants (Schedule 1)	287,395	392,448	-	679,843	686,725	318,150
Investment income	7,282	4,219	26,447	37,948	1,000	18,119
Merchandise and services	30,081	-	-	30,081	31,300	27,049
Miscellaneous	594	-	-	594	1,000	5,701
Special events	22,096	-	-	22,096	20,000	19,157
	<b>507,891</b>	<b>853,859</b>	<b>53,998</b>	<b>1,415,748</b>	<b>1,282,235</b>	<b>886,898</b>
<b>Expenses</b>						
Advertising and promotion	1,042	1,390	-	2,432	2,500	4,052
Amortization	1,125	9,771	-	10,896	1,125	10,896
Bank charges and interest	1,029	-	-	1,029	1,423	1,404
Dues, fees and licences	3,002	-	-	3,002	2,865	2,801
Fundraising and volunteers	5,846	869	-	6,715	19,400	8,711
General and office	9,278	-	-	9,278	14,526	10,931
Insurance	7,962	-	4,025	11,987	8,471	10,677
Materials and supplies	4,669	-	-	4,669	5,186	2,325
Printing and postage	9,537	-	-	9,537	10,900	13,502
Professional fees and closing costs	26,155	35,364	-	61,519	36,034	60,398
Property taxes and maintenance	7,072	-	-	7,072	8,360	7,359
Property and easement acquisitions	-	573,334	-	573,334	592,000	220,000
Property lease	15,147	-	-	15,147	14,735	14,270
Purchased merchandise	-	-	-	-	2,500	2,492
Special events	4,672	-	-	4,672	2,000	3,793
Subcontracts	48,749	-	-	48,749	64,330	61,694
Training and conference	1,771	-	-	1,771	5,000	6,897
Travel	10,268	-	-	10,268	9,609	10,576
Utilities and telephone	7,015	-	-	7,015	6,000	6,569
Wages and benefits	348,631	5,800	-	354,431	318,899	333,425
	<b>512,970</b>	<b>626,528</b>	<b>4,025</b>	<b>1,143,523</b>	<b>1,125,863</b>	<b>792,772</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(5,079)</b>	<b>227,331</b>	<b>49,973</b>	<b>272,225</b>	<b>156,372</b>	<b>94,126</b>
<b>Interfund transfers</b>	<b>11,465</b>	<b>(141,887)</b>	<b>130,422</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property and easement acquisitions</b>	<b>-</b>	<b>626,978</b>	<b>-</b>	<b>626,978</b>	<b>-</b>	<b>220,000</b>
<b>Net assets, beginning of year</b>	<b>190,032</b>	<b>4,284,882</b>	<b>538,786</b>	<b>5,013,700</b>	<b>5,013,700</b>	<b>4,699,574</b>
<b>Net assets, end of year (Note 8, 9, 10, 11 and 16)</b>	<b>\$ 196,418</b>	<b>\$ 4,997,304</b>	<b>\$ 719,181</b>	<b>\$ 5,912,903</b>	<b>\$ 5,170,072</b>	<b>\$ 5,013,700</b>

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

**The Couchiching Conservancy**  
**Statement of Cash Flows**  
**As at October 31, 2018**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2018	October 31 2017
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Excess (deficiency) of revenues over expenses	\$ (5,079)	\$ 227,331	\$ 49,973	\$ 272,225	\$ 94,126
Items not involving cash					
Amortization of capital assets	1,125	9,771	-	10,896	10,896
Property and easement acquisitions	-	626,978	-	626,978	220,000
Interfund transfers	11,465	(141,887)	130,422	-	-
	7,511	722,193	180,395	910,099	325,022
Changes in non-cash working capital balances					
Accounts receivable	(9,153)	-	-	(9,153)	4,791
Government grants receivable	(14,041)	-	-	(14,041)	38,650
Accrued interest receivable	(1,224)	-	-	(1,224)	(103)
Prepaid expenses	10,156	-	-	10,156	(9,685)
Accounts payable	12,886	-	-	12,886	(9,904)
Deferred contributions	(396,912)	-	-	(396,912)	392,142
Change in interfund balances	(10,951)	-	10,951	-	-
	(401,728)	722,193	191,346	511,811	740,913
<b>Investing and financing activities</b>					
Property and easement acquisition	-	(626,978)	-	(626,978)	(220,000)
Purchase of long term investments	-	-	(198,279)	(198,279)	-
Purchase of endowment assets	-	-	(134,477)	(134,477)	(117,122)
Proceeds on sale of long-term investments	-	-	-	-	30,397
	-	(626,978)	(332,756)	(959,734)	(306,725)
<b>Increase (decrease) in cash during the year</b>	<b>(401,728)</b>	<b>95,215</b>	<b>(141,410)</b>	<b>(447,923)</b>	<b>434,188</b>
<b>Cash, beginning of year</b>	<b>642,244</b>	<b>106,031</b>	<b>177,646</b>	<b>925,921</b>	<b>491,733</b>
<b>Cash, end of year</b>	<b>\$ 240,516</b>	<b>\$ 201,246</b>	<b>\$ 36,236</b>	<b>\$ 477,998</b>	<b>\$ 925,921</b>
<b>Represented by</b>					
Cash and bank	\$ 76,644	\$ -	\$ -	\$ 76,644	\$ 449,430
Short-term investments (Note 16)	163,872	201,246	36,236	401,354	476,491
	\$ 240,516	\$ 201,246	\$ 36,236	\$ 477,998	\$ 925,921

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

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# The Couchiching Conservancy

## Notes to Financial Statements

### October 31, 2018

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#### 1. Significant Accounting Policies

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

**Nature of Organization** The Couchiching Conservancy was incorporated without share capital under the laws of Canada on November 4, 1993. The objects of the organization are as follows:

- a) To preserve, protect, restore and improve the natural environment of the Couchiching Severn region.
- b) To encourage and foster an understanding and awareness of the natural environment and its value in enhancing our quality of life.
- c) To acquire, maintain and preserve lands, or interests in lands, of ecological, recreational, scientific, scenic, heritage or open space value.
- d) To promote and undertake research and data collection on the natural environment and to distribute the findings to the public.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

**Fund Accounting** The organization follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative activities, which include the stewardship of existing properties and the indirect costs of property acquisition. This fund reports unrestricted resources and restricted operating grants.

The President's Reserve Fund is part of the operating fund created by a motion of the Board of Directors for future core operating expenditures of the organization.

The Acquisition and Capital Fund reports the assets, liabilities, revenues and direct expenses related to the organization's property acquisitions. The Board of Directors established this fund for the purpose of acquiring lands in accordance with the organization's objectives.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**1. Significant Accounting Policies (continued)**

**Fund Accounting (continued)**

The Other Fund encompasses the Property Protection Reserve Fund, the Carden Conservation Reserve Fund, the Stewardship Endowment Fund and the Heartwood Fund Endowment.

The Property Protection Reserve Fund reports the assets, revenues and expenditures related to the organization's property protection investments. The Board established this fund to provide investment income to maintain properties acquired, as well as to provide a source of funds for the enforcement of ecological conditions covering properties owned, protected under a conservation easement or under a management agreement.

The Carden Conservation Reserve Fund reports the assets, revenues and expenditures related to funds designated by the organization to be used directly for conservation activities on the Carden Plain.

The Stewardship Endowment Fund was established in accordance with funding agreements for the purchase of particular properties. The investment income from these funds is to be used for the stewardship of lands within the Natural Area Conservation Plan.

The Heartwood Fund Endowment was established with the purpose of providing the Couchiching Conservancy with a stable and ongoing funding stream with the intention of further increasing the permanency of the organization. It is to be used for operations, stewardship and further investment. It is not to be used for land acquisitions. The investments held in this Endowment Fund are invested based on a long-term time horizon.

**Revenue Recognition**

Restricted contributions and grants are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions and grants are recognized as revenue of the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from merchandise sales, services and special events is recognized at the time of shipment, when the service is rendered or when the event occurs.

Interest income is recognized using the effective interest method.



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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**1. Significant Accounting Policies (continued)**

**Contributed Materials  
and Services**

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated. Volunteers contribute their time to assist the organization in carrying out its various activities and contributions are recognized at their fair value at the date of contribution if fair value can be reasonably estimated.

**Financial Instruments**

*Initial and subsequent measurement*

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at cost or amortized cost include cash, short-term investments, accounts receivable, grants receivable, accrued interest receivable, interfund receivable and long-term investments.

Financial liabilities measured at cost or amortized cost include accounts payable and interfund payable.

*Impairment*

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

**Investments**

Short and long-term investments are recorded at cost with the exception of any investments in equity instruments that are quoted in an active market which are measured at fair value.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**1. Significant Accounting Policies (continued)**

**Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot be reasonably determined, contributed capital assets are recorded at a nominal amount.

Furniture and equipment are included in the Operating Fund, buildings are included in the Acquisition Fund. Amortization based on the estimated useful life of the asset is calculated as follows:

Buildings	- 45 years straight line basis
Furniture and equipment	- 10 years straight line basis
Computer equipment	- 5 years straight line basis

The purchase of property and easements by the Acquisition and Capital Fund are charged to the statement of operations and changes in fund balances in the period of acquisition. These acquisitions are then transferred to the balance sheet as capital assets and in the fund balances as an investment in capital assets.

**Use of Estimates**

The preparation of financial statements in accordance Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Cash and Cash  
Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and short-term investments.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**2. Financial Instruments**

The organization has a comprehensive risk management framework to monitor, evaluate and manage the principle risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk and liquidity risk.

(a) Credit risk:

The organization is exposed to credit risk with respect to accounts receivable, grants receivable, accrued interest receivable, short-term investments and long-term investments. The organization assesses, on a continuous basis, the accounts receivable on the basis of amounts it is virtually certain to receive. The credit risk with respect to the short-term and long-term investments is insignificant since the majority are held in large financial institutions.

(b) Liquidity risk:

The organization's exposure to liquidity risk is dependent on the receipt of funds from its major funding sources and other related fundraising sources, whether in the form of grant revenue, fundraising or interest.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**3. Investments**

	<u>2018</u>	<u>2017</u>
Advantage savings account with interest at 0%	\$ 80	\$ 177,069
Guaranteed investment certificate with interest at 0.9%, maturing in June 2018	-	8,458
Community Foundation of Orillia managed fund, redeemable, earnings vary depending on quarterly results	<b>299,893</b>	38,300
Guaranteed investment certificate with interest at 1.5% maturing in January 2021	<b>75,000</b>	-
Guaranteed investment certificate with interest stepped at 1.50%, 2.0% and 2.5%, maturing in December 2020	<b>70,000</b>	-
Guaranteed investment certificate with interest stepped at 2.25%, 2.4% and 2.45%, maturing in February 2021	<b>52,906</b>	-
Guaranteed investment certificate with interest stepped at 1.30%, 1.71% and 2.70%, maturing in June 2020	<b>29,085</b>	28,710
Advantage savings account with interest at 1.3%	<b>101,379</b>	201,049
Guaranteed investment certificate with interest stepped at 1.45%, 1.75% and 2.50%, maturing in February 2018	-	51,615
	<b>628,343</b>	505,201
Less amounts due or available within one year included in current assets as short-term investments	<b>401,354</b>	476,491
	<b>\$ 226,989</b>	<b>\$ 28,710</b>

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**4. Endowment Assets**

	<u>2018</u>	<u>2017</u>
<b>Heartwood Endowment Fund</b>		
Community Foundation of Orillia managed fund, redeemable, earnings vary depending on quarterly results	<b>\$ 210,559</b>	\$ 177,886
Cash surrender value of an insurance policy	<b>78,143</b>	82,168
	<b>288,702</b>	260,054
<b>Stewardship Endowment Fund</b>		
Community Foundation of Orillia managed fund, redeemable, earnings vary depending on quarterly results	<b>178,205</b>	72,376
	<b>\$ 466,907</b>	\$ 332,430

In addition to the endowment funds above, the Community Foundation of Orillia and Area controls the Land Stewardship Endowment Fund which grants investment income to the Conservancy annually 2018 - \$2,000 (2017 - \$2,000). The value of this endowment fund at October 31, 2018 was \$38,371 (2017 - \$38,124). As this endowment fund is not controlled by the conservancy, the value of the fund is not reflected in these financial statements.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

**5. Capital Assets**

			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Acquisition and Capital Fund</b>				
Building - Grant Woods	\$ 439,708	\$ 24,428	\$ 415,280	\$ 425,051
Easement - Agnew Property	30,000	-	30,000	30,000
Easement - Dale	125,000	-	125,000	-
Easement - Deadman	46,500	-	46,500	46,500
Easement - Ironside Property	35,540	-	35,540	35,540
Easement - Konda Property	1	-	1	1
Easement - Larsen Property	198,500	-	198,500	198,500
Easement - Leadbeater Property	48,000	-	48,000	48,000
Easement - Ling	181,000	-	181,000	181,000
Easement - Mack Williams	75,000	-	75,000	75,000
Easement - Probst Property	36,750	-	36,750	36,750
Easement - Russell Property	7,500	-	7,500	7,500
Easement - Scout Valley	1	-	1	1
Easement - Wilkins Property	22,500	-	22,500	22,500
Land - Adams Property	220,000	-	220,000	220,000
Land - Alexander Hope-Smith Nature Reserve	145,000	-	145,000	145,000
Land - Bluebird Ranch	233,018	-	233,018	233,018
Land - Butler Property	9,552	-	9,552	9,552
Land - Carthew Bay Reserve	80,800	-	80,800	80,800
Land - Church Woods	750,000	-	750,000	750,000
Land - Church Woods Road Allowance	2	-	2	2
Land - Elliott Woods	100,000	-	100,000	100,000
Land - Fawcett Nature Reserve	45,000	-	45,000	45,000
Land - Grant Wetlands	147,500	-	147,500	147,500
Land - Grant Woods	288,423	-	288,423	288,423
Land - Hewetson Property	77,000	-	77,000	77,000
Land - Jennett Woods	175,000	-	175,000	175,000
Land - McDarker Wetlands	16,752	-	16,752	16,752
Land - McIsaac Wetlands	20,000	-	20,000	20,000
Land - Prospect Marsh	82,500	-	82,500	82,500
Land - Roehl Reserve	23,105	-	23,105	23,105
Land - Ron Reid Nature Reserve	501,979	-	501,979	-
Land - Starr Property	114,194	-	114,194	114,194
Land - Thomas Agnew Reserve	45,000	-	45,000	45,000

(Continued)

**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

**5. Capital Assets (continued)**

	<u>2018</u>		<u>2017</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Acquisition and Capital Fund (continued)</b>				
Land - Turnbull Ranch	\$ 299,400	\$ -	\$ 299,400	\$ 299,400
Land - Waterthrush Woods	16,000	-	16,000	16,000
Land - Wolf Run Alvar	184,261	-	184,261	184,261
	<u>4,820,486</u>	<u>24,428</u>	<u>4,796,058</u>	<u>4,178,850</u>
<b>Operating Fund</b>				
Furniture and fixtures	6,359	6,359	-	-
Computer equipment	7,705	6,928	777	1,902
	<u>14,064</u>	<u>13,287</u>	<u>777</u>	<u>1,902</u>
	<u>\$ 4,834,550</u>	<u>\$ 37,715</u>	<u>\$ 4,796,835</u>	<u>\$ 4,180,752</u>

The easements for the Konda Property and Scout Valley have been recognized at a nominal value of \$1 each and the Church Woods road allowance has been recognized at a nominal value of \$2. Valuations were not necessary to obtain these easements and property, and due to the cost of obtaining appraisals, fair market valuations were not completed and are not planned.

**6. Accounts Payable**

	<u>2018</u>		<u>2017</u>	
Government liabilities	\$ 12,394	\$	4,925	\$
Accrued liabilities	26,406		20,989	
	<u>\$ 38,800</u>	<u>\$</u>	<u>25,914</u>	<u>\$</u>

**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

**7. Deferred Contributions**

	<u>2018</u>	<u>2017</u>
<b>Operating Fund</b>		
Citizen Science	\$ 19,281	\$ 5,350
Tides - wages and benefits	25,000	25,000
Haak Property	-	393,645
RBC Bluewater	-	1,314
Bobolink Habitat	-	16,000
Heartwood Operating	4,007	4,007
SARBEX - Bluebird	22,135	25,362
SARBEX	15,144	15,144
Gosling	14,067	9,724
Motus Stations	2,200	3,200
	<u>\$ 101,834</u>	<u>\$ 498,746</u>

**8. Operating Funds**

	<u>2018</u>	<u>2017</u>
<b>Unrestricted</b>		
Balance, beginning of year	\$ 70,793	\$ 57,451
Surplus (deficit) for the year	(3,954)	53,146
Interfund transfer for SARBEX surplus	(19,200)	(26,720)
Interfund transfer for investment income	30,665	16,916
Interfund transfer for operating surplus	-	(30,000)
Balance, end of year	<u>78,304</u>	<u>70,793</u>
<b>Invested in Capital Assets</b>		
Balance, beginning of year	1,902	3,026
Amortization for the year	(1,125)	(1,124)
Balance, end of year	<u>777</u>	<u>1,902</u>
<b>President's Reserve - Internally Restricted</b>		
Balance, beginning of year	117,337	87,337
Interfund transfer for operating surplus	-	30,000
Balance, end of year	<u>117,337</u>	<u>117,337</u>
	<u>\$ 196,418</u>	<u>\$ 190,032</u>



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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**9. Acquisition and Capital Funds**

	<u>2018</u>	<u>2017</u>
<b>Invested in Capital Assets</b>		
Balance, beginning of year	\$ 4,178,850	\$ 3,968,621
Amortization for the year	(9,771)	(9,771)
Property and easement acquisitions	<u>626,979</u>	<u>220,000</u>
Balance, end of year	<u>4,796,058</u>	<u>4,178,850</u>
<b>Acquisition Reserve Fund</b>		
Balance, beginning of year	106,032	83,270
Surplus (deficit) for the year	237,101	(2,061)
Interfund transfer for SARBEX surplus	19,200	26,720
Interfund transfer for investment income	(4,218)	(1,897)
Interfund transfer for stewardship endowment fund	(100,000)	-
Interfund transfer for property protection reserve fund	<u>(56,869)</u>	<u>-</u>
Balance, end of year	<u>201,246</u>	<u>106,032</u>
	<u>\$ 4,997,304</u>	<u>\$ 4,284,882</u>

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

**10. Other Internally Restricted Funds**

	<u>2018</u>	<u>2017</u>
<b>Property Protection Reserve Fund</b>		
Balance, beginning of year, as previously stated	\$ 263,560	\$ 263,560
Correction of prior period error (Note 16)	(78,205)	(78,205)
Balance, beginning of year, as restated	<u>185,355</u>	185,355
Surplus for the year	7,109	6,004
Interfund transfer for property protection	56,868	-
Interfund transfer for investment income	(7,109)	(6,004)
Balance, end of year	<u>242,223</u>	<u>185,355</u>
<b>Carden Conservation Reserve Fund</b>		
Balance, beginning of year	21,000	21,000
Surplus for the year	805	478
Interfund transfer for investment income	(805)	(478)
Balance, end of year	<u>21,000</u>	<u>21,000</u>
<b>Heartwood Fund Endowment</b>		
Balance, beginning of year	254,226	215,309
Surplus for the year	35,224	47,454
Interfund transfer for investment income	(11,697)	(8,537)
Balance, end of year	<u>277,753</u>	<u>254,226</u>
	<u>\$ 540,976</u>	<u>\$ 460,581</u>

**11. Other Externally Restricted Funds**

	<u>2018</u>	<u>2017</u>
<b>Stewardship Endowment Fund</b>		
Balance, beginning of year, as previously stated	\$ -	\$ -
Correction of prior period error (Note 16)	78,205	78,205
Balance, beginning of year, as restated	<u>78,205</u>	78,205
Surplus for the year	6,835	-
Interfund transfer for property stewardship endowment	100,000	-
Interfund transfer for investment income	(6,835)	-
	<u>\$ 178,205</u>	<u>\$ 78,205</u>

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**12. Commitments**

As part of a habitat offset agreement, the organization has signed an agreement to lease a property in the Township of Carden for the period from February 2015 to January 2020. The lease carries a cost of \$13,970 per year and the organization may lease the property for an additional 2 years at a cost of \$17,463 per year.

The minimum annual lease payments for the next two years are as follows:

2019	\$	13,970
2020		3,493

The organization has also committed \$150,000 to the Nature Conservancy of Canada (NCC) from the acquisition reserve towards a potential property purchase in exchange for the rights to use the property for Habitat offset agreements. The NCC is still in the planning stages of this transaction.

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**13. Budget Information**

The budget figures presented for comparison purposes are unaudited.

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**14. Contributed Materials and Services**

These statements include \$44,613 (2017 - \$55,811) of contributed materials and services (including volunteer labour) that have been recorded at their fair value at the time of contribution.

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**15. Comparative Figures**

Certain prior year figures have been reclassified to conform to the current year presentation.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2018**

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**16. Prior Period Error Correction**

During the 2018 audit, it was discovered the organization had improperly recorded its endowment assets prior to November 1, 2016. The assets of the Stewardship Endowment Fund were reported as part of the Property Protection Reserve Fund as an investment. The Couchiching Conservancy was required to contribute these funds to a separate endowment fund based on the terms of various agreements for the funding of specific property purchases.

An investment of the Heartwood Endowment Fund has also been reclassified from short-term investments to endowment assets. This has resulted in a restatement of the 2017 comparative figures as follows:

Short-term investments decreased from \$666,680 to \$476,491 (decrease of \$190,189)

Long-term investments decreased from \$88,783 to \$28,710 (decrease of \$60,073)

Endowment assets increased from \$82,168 to \$332,430 (increase of \$250,262)

Net assets - internally restricted - other decreased from \$538,786 to \$460,581 (reduction of \$78,205)

Net assets - externally restricted - other increased from Nil to \$78,205 (increase of \$78,205)

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**The Couchiching Conservancy**  
**Schedule 1 - Donations and Grant Revenue**  
**For the Year Ended October 31, 2018**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2018	October 31 2017
<b>Donations</b>					
General	\$ 111,106	\$ 327,692	\$ 27,551	\$ 466,349	\$ 208,875
In kind - general	24,956	-	-	24,956	29,058
In kind - membership	15,157	4,500	-	19,657	26,753
Membership	9,224	-	-	9,224	14,036
Property and easements	-	125,000	-	125,000	220,000
	<b>\$ 160,443</b>	<b>\$ 457,192</b>	<b>\$ 27,551</b>	<b>\$ 645,186</b>	<b>\$ 498,722</b>
<b>Grant Revenue</b>					
Government of Canada	\$ 89,041	\$ -	\$ -	\$ 89,041	\$ 28,821
Province of Ontario	-	-	-	-	23,756
Other	198,354	392,448	-	590,802	265,573
	<b>\$ 287,395</b>	<b>\$ 392,448</b>	<b>\$ -</b>	<b>\$ 679,843</b>	<b>\$ 318,150</b>