

**The Couchiching Conservancy**  
**Financial Statements**  
For the Year Ended October 31, 2010

**Index to Financial Statements**

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## Auditors' Report

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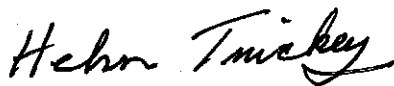
**To the Members of  
The Couchiching Conservancy**

We have audited the balance sheet of The Couchiching Conservancy as at October 31, 2010 and the statements of operations and changes in fund balances and cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Cash receipts and related cash expenses (donations and miscellaneous cash receipts), by their nature, are not susceptible to complete verification by audit procedures. Accordingly, our examination of cash receipts was confined to comparison of recorded receipts with bank deposits.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at October 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



**Hehn Trickey Professional Corporation  
Chartered Accountants**

*Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario*

Orillia, Ontario  
January 14, 2011

**The Couchiching Conservancy**  
**Balance Sheet**  
**As at October 31, 2010**

	Operating Fund	Acquisition and Capital Fund	Other Fund	October 31 2010	October 31 2009
<b>Assets</b>					
<b>Current</b>					
Cash and bank	\$ 88,324	\$ -	\$ -	\$ 88,324	\$ 235,711
Short-term investments	3,088	56,325	75,102	134,515	185,766
Accounts receivable	15,995	14,026	-	30,021	9,929
Grants receivable	170,850	5,460	-	176,310	86,900
Accrued interest receivable	-	-	-	-	2,354
Interfund receivable	19,853	-	-	19,853	73,496
Prepaid expenses	916	-	-	916	11,724
	<b>299,026</b>	<b>75,811</b>	<b>75,102</b>	<b>449,939</b>	<b>605,880</b>
<b>Long-term investments (Note 2)</b>	-	-	114,974	114,974	8,352
<b>Endowment assets (Note 3)</b>	-	-	13,473	13,473	-
<b>Capital assets (Note 4)</b>	4,170	2,385,108	-	2,389,278	2,206,327
	<b>\$ 303,196</b>	<b>\$ 2,460,919</b>	<b>\$ 203,549</b>	<b>\$ 2,967,664</b>	<b>\$ 2,820,559</b>
<b>Liabilities and Net Assets</b>					
<b>Current</b>					
Accounts payable	\$ 60,085	\$ -	\$ -	\$ 60,085	\$ 40,759
Interfund payable	-	19,486	367	19,853	73,496
Deferred contributions	98,483	-	-	98,483	123,587
	<b>158,568</b>	<b>19,486</b>	<b>367</b>	<b>178,421</b>	<b>237,842</b>
<b>Fund Balances</b>					
Unrestricted (Note 5)	44,085	-	-	44,085	33,983
Invested in capital assets (Note 5 and 6)	4,170	2,385,108	-	2,389,278	2,206,327
Externally restricted for operating (Note 5)	1,600	-	-	1,600	1,600
Internally restricted - acquisition (Note 6)	-	56,325	-	56,325	56,325
President's reserve (Note 5)	94,773	-	-	94,773	94,773
Internally restricted - other (Note 7)	-	-	203,182	203,182	189,709
	<b>144,628</b>	<b>2,441,433</b>	<b>203,182</b>	<b>2,789,243</b>	<b>2,582,717</b>
	<b>\$ 303,196</b>	<b>\$ 2,460,919</b>	<b>\$ 203,549</b>	<b>\$ 2,967,664</b>	<b>\$ 2,820,559</b>

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

**The Couchiching Conservancy**  
**Statement of Operations and Changes in Fund Balances**  
**For the Year Ended October 31, 2010**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2010	Budget	October 31 2009
<b>Revenues</b>						
Donations (Schedule 1)	\$ 141,098	\$ 106,189	\$ -	\$ 247,287	\$ 222,622	\$ 268,394
Grants (Schedule 1)	492,744	97,340	-	590,084	553,438	509,147
Interest	4,628	-	-	4,628	7,416	7,441
Merchandise and services	11,520	-	-	11,520	10,579	10,037
Miscellaneous	1,987	-	-	1,987	1,555	1,321
Special events	33,209	-	-	33,209	20,658	28,276
	<b>685,186</b>	<b>203,529</b>	<b>-</b>	<b>888,715</b>	<b>816,268</b>	<b>824,616</b>
<b>Expenses</b>						
Advertising and promotion	8,840	-	-	8,840	15,700	12,041
Amortization	1,310	-	-	1,310	1,791	1,939
Bank charges and interest	1,883	-	-	1,883	1,617	1,469
Dues, fees and licences	2,362	-	-	2,362	2,619	2,622
Fundraising and volunteers	12,083	-	-	12,083	5,738	5,668
General and office	19,286	-	-	19,286	14,531	9,099
Insurance	5,830	-	-	5,830	1,930	3,904
Materials and supplies	4,949	-	-	4,949	34,649	37,446
Printing and postage	5,788	-	-	5,788	8,573	24,539
Professional fees and closing costs	32,152	-	-	32,152	45,867	18,398
Property taxes and maintenance	7,430	-	-	7,430	9,390	10,660
Property and easement acquisitions	-	207,130	-	207,130	106,500	75,000
Property donation	-	645	-	645	-	181,458
Purchased merchandise	-	-	-	-	1,600	1,673
Special events	23,579	-	-	23,579	23,931	24,363
Subcontracts	295,798	-	-	295,798	282,208	116,289
Training and conference	3,580	-	-	3,580	4,400	2,278
Travel	23,859	-	-	23,859	32,137	20,138
Utilities and telephone	9,115	-	-	9,115	9,903	7,250
Wages and benefits	214,304	-	-	214,304	219,160	226,793
	<b>672,148</b>	<b>207,775</b>	<b>-</b>	<b>879,923</b>	<b>822,244</b>	<b>783,027</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>13,038</b>	<b>(4,246)</b>	<b>-</b>	<b>8,792</b>	<b>(5,976)</b>	<b>41,589</b>
<b>Interfund transfers</b>	<b>(4,246)</b>	<b>4,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Endowment contributions</b>	<b>-</b>	<b>-</b>	<b>13,473</b>	<b>13,473</b>	<b>-</b>	<b>-</b>
<b>Property and easement acquisitions</b>	<b>-</b>	<b>184,261</b>	<b>-</b>	<b>184,261</b>	<b>-</b>	<b>75,000</b>
<b>Fund balances, beginning of year</b>	<b>135,836</b>	<b>2,257,172</b>	<b>189,709</b>	<b>2,582,717</b>	<b>2,582,717</b>	<b>2,466,128</b>
<b>Fund balances, end of year (Note 5, 6 and 7)</b>	<b>\$ 144,628</b>	<b>\$ 2,441,433</b>	<b>\$ 203,182</b>	<b>\$ 2,789,243</b>	<b>\$ 2,576,741</b>	<b>\$ 2,582,717</b>

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

**The Couchiching Conservancy**  
**Statement of Cash Flows**  
**As at October 31, 2010**

	Operating Fund	Acquisition & Capital Fund	Other Fund	October 31 2010	October 31 2009
<b>Cash provided by (used in)</b>					
<b>Operating activities</b>					
Excess (deficiency) of revenues over expenses	\$ 13,038	\$ (4,246)	\$ -	\$ 8,792	\$ 41,589
Items not involving cash					
Amortization of capital assets	1,310	-	-	1,310	1,939
Property and easement acquisitions	-	184,261	-	184,261	75,000
	<b>14,348</b>	<b>180,015</b>	<b>-</b>	<b>194,363</b>	<b>118,528</b>
Changes in non-cash working capital balances					
Accounts receivable	(30,165)	(14,026)	-	(44,191)	(3,000)
Grants receivable	(157,446)	(1,923)	69,959	(89,410)	47,417
Accrued interest receivable	460	760	1,134	2,354	352
Prepaid expenses	10,808	-	-	10,808	13,049
Long term investments	-	-	(106,622)	(106,622)	(8,352)
Endowment assets	-	-	(13,473)	(13,473)	-
Accounts payable	19,327	23,732	367	43,426	(40,935)
Deferred contributions	(10,978)	(14,127)	-	(25,105)	24,599
	<b>(153,646)</b>	<b>174,431</b>	<b>(48,635)</b>	<b>(27,850)</b>	<b>151,658</b>
<b>Investing and financing activities</b>					
Property and easement acquisition	-	(184,261)	-	(184,261)	(75,000)
Purchase of furniture and equipment	-	-	-	-	(669)
Endowment contributions received	-	-	13,473	13,473	-
	<b>-</b>	<b>(184,261)</b>	<b>13,473</b>	<b>(170,788)</b>	<b>(75,669)</b>
<b>Increase (decrease) in cash during the year</b>	<b>(153,646)</b>	<b>(9,830)</b>	<b>(35,162)</b>	<b>(198,638)</b>	<b>75,989</b>
<b>Cash, beginning of year</b>	<b>245,058</b>	<b>66,155</b>	<b>110,264</b>	<b>421,477</b>	<b>345,488</b>
<b>Cash, end of year</b>	<b>\$ 91,412</b>	<b>\$ 56,325</b>	<b>\$ 75,102</b>	<b>\$ 222,839</b>	<b>\$ 421,477</b>
<b>Represented by</b>					
Cash and bank	\$ 88,324	\$ -	\$ -	\$ 88,324	\$ 235,711
Short-term deposits	3,088	56,325	75,102	134,515	185,766
	<b>\$ 91,412</b>	<b>\$ 56,325</b>	<b>\$ 75,102</b>	<b>\$ 222,839</b>	<b>\$ 421,477</b>

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

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# The Couchiching Conservancy

## Notes to Financial Statements

### October 31, 2010

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#### 1. Significant Accounting Policies

**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 report 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.

The Other Fund encompasses the Property Protection Reserve Fund, The Carden Conservation Reserve Fund and the Couchiching Conservancy Land Stewardship Endowment Fund.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

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

**Fund Accounting (continued)**

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. This fund is included in the "Other" fund category on the balance sheet, statement of operations and changes in fund balances, and the statement of cash flows.

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. A committee is to be established to authorize the expenditure of these funds. This fund is included in the "Other" fund category on the balance sheet, statement of operations and changes in fund balances, and the statement of cash flows.

The Couchiching Conservancy Land Stewardship Endowment Fund is to be used for activities and operations in relation to property management and maintenance such as monitoring, property inventories, fencing, tree planting, habitat enhancement, trail maintenance, property taxes and land surveys.

Externally restricted funds include certain properties of the Acquisition and Capital Funds and the Ironside short-term investments held by the Operating Fund.

**Revenue Recognition**

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions 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.

**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. Volunteer contributions are not recognized in the financial statements because of the difficulty of determining their fair market value.

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

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

**Short-term Investments** Short-term investments, which include accrued interest, are stated at the lower of cost and market value.

**Capital Assets** Capital assets are recorded at cost. Furniture and equipment are included in the Operating Fund.

The purchase of property and easements by the Acquisition 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. 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. Amortization based on the estimated useful life of the asset is calculated as follows:

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

**Use of Estimates** The preparation of financial statements in accordance with generally accepted accounting principles 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.



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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

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

**Financial Instruments** The organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

**Assets held-for-trading**

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized as an excess of revenue (expenditure) in the period during which the change occurs. Transaction costs are expensed when incurred.

**Assets held-to-maturity**

Financial instruments classified as assets held-to-maturity are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, short and long-term investments have been classified as assets held-to-maturity.

**Loans, receivables and other financial liabilities**

Financial instruments classified as loans, receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, accounts receivable and grants receivable have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities.

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**2. Long-term Investments**

	<u>2010</u>	<u>2009</u>
Guaranteed investment certificate with interest at 4.4%, maturing in June 2013	\$ 8,719	\$ 8,352
Guaranteed investment certificate with interest at 2.5%, maturing in March 2015	6,255	-
Guaranteed investment certificate with interest stepped at 1.85%, 2% and 2.5%, maturing in October 2013	<u>100,000</u>	-
	<u>\$ 114,974</u>	<u>\$ 8,352</u>

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

**3. Endowment Assets**

The endowment funds are being held by The Community Foundation of Orillia and Area on behalf of the Couchiching Conservancy.

**4. Capital Assets**

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Operating Fund</b>				
Furniture and fixtures	\$ 6,359	\$ 3,683	\$ 2,676	\$ 3,346
Computer equipment	6,483	4,989	1,494	2,134
	<b>12,842</b>	<b>8,672</b>	<b>4,170</b>	<b>5,480</b>
<b>Acquisition and Capital Fund</b>				
Land - Alexander Hope-Smith Nature Reserve	145,000	-	145,000	145,000
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 - Elliott Woods	100,000	-	100,000	100,000
Land - Grant Wetlands	147,500	-	147,500	147,500
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 - Mclsaac Wetlands	20,000	-	20,000	20,000
Land - Roehl Reserve	23,105	-	23,105	23,105
Land - Waterthrush Woods	16,000	-	16,000	16,000
Land - Wolf Run Alvar	184,261	-	184,261	-
Land, building - Grant Woods	463,136	-	463,136	463,136
Easement - Agnew Property	30,000	-	30,000	30,000
Easement - Konda Property	1	-	1	1
Easement - Mack Williams	75,000	-	75,000	75,000
Easement - Scout Valley	1	-	1	1
Easement - Turnbull Property	49,500	-	49,500	49,500
Easement - Wilkins Property	22,500	-	22,500	22,500
	<b>2,385,108</b>	<b>-</b>	<b>2,385,108</b>	<b>2,200,847</b>
	<b>\$ 2,397,950</b>	<b>\$ 8,672</b>	<b>\$ 2,389,278</b>	<b>\$ 2,206,327</b>

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

**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

**5. Operating Funds**

	<u>2010</u>	<u>2009</u>
<b>Unrestricted</b>		
Balance, beginning of year	\$ 33,983	\$ 25,191
Surplus for the year	14,348	36,057
Interfund transfers	(4,246)	(27,265)
	<u>44,085</u>	<u>33,983</u>
<b>Invested in Capital Assets</b>		
Balance, beginning of year	5,480	6,750
Deficit for the year	(1,310)	(1,270)
	<u>4,170</u>	<u>5,480</u>
<b>Ironside Fund - Externally Restricted</b>		
Balance, beginning of year	1,600	2,000
Interfund transfers	-	(400)
	<u>1,600</u>	<u>1,600</u>
<b>President's Reserve Fund - Internally Restricted</b>		
Balance, beginning of year	94,773	87,773
Interfund transfers	-	7,000
	<u>94,773</u>	<u>94,773</u>
	<u>\$ 144,628</u>	<u>\$ 135,836</u>

**6. Acquisition and Capital Funds**

	<u>2010</u>	<u>2009</u>
<b>Invested in Capital Assets</b>		
Balance, beginning of year	\$ 2,200,847	\$ 2,125,847
Property and easement acquisitions	184,261	75,000
	<u>2,385,108</u>	<u>2,200,847</u>
<b>Acquisition Reserve Fund</b>		
Balance, beginning of year	56,325	64,858
Deficit for the year	(4,246)	(5,986)
Interfund transfers	4,246	(2,547)
	<u>56,325</u>	<u>56,325</u>
	<u>\$ 2,441,433</u>	<u>\$ 2,257,172</u>

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**The Couchiching Conservancy**  
**Notes to Financial Statements**  
**October 31, 2010**

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**7. Other Internally Restricted Funds**

	<u>2010</u>	<u>2009</u>
<b>Property Protection Reserve Fund</b>		
Balance, beginning of year	\$ 164,709	\$ 153,709
Surplus for the year	-	3,088
Interfund transfers	-	7,912
	<u>164,709</u>	<u>164,709</u>
<b>Carden Conservation Reserve Fund</b>		
Balance, beginning of year	25,000	-
Surplus for the year	-	9,700
Interfund transfers	-	15,300
	<u>25,000</u>	<u>25,000</u>
<b>Couchiching Conservancy Land Stewardship Endowment</b>		
Balance, beginning of year	-	-
Contributions for the year	13,473	-
	<u>13,473</u>	<u>-</u>
	<u>\$ 203,182</u>	<u>\$ 189,709</u>

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**8. Budget Information**

The budget figures presented for comparison purposes are unaudited. They have been reclassified to conform with the financial statement presentation.

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**9. Prior Year Comparative Figures**

The prior year comparative figures were audited by another chartered accountant. They have been reclassified to conform with the current year financial statement presentation.

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**10. Subsequent Event**

Subsequent to year end, the organization signed an agreement to purchase approximately 200 acres of property known as the Duggan property for not less than \$190,000. The agreement is to also purchase two small adjacent parcels of land for between \$20,000 and \$30,000 each. The final purchase price is to be determined by an AACI appraisal. This purchase is to close no later than October 31, 2011.

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**The Couchiching Conservancy**  
**Schedule 1 - Donations and Grant Revenue**  
**For the Year Ended October 31, 2010**

	Operating Fund	Acquisition and Capital Fund	Other Fund	October 31 2010	October 31 2009
<b>Donations</b>					
General	\$ 100,442	\$ 106,189	\$ -	\$ 206,631	\$ 96,218
In kind - general	664	-	-	664	1,500
In kind - membership	10,300	-	-	10,300	17,935
Membership	29,692	-	-	29,692	28,741
Property and easements	-	-	-	-	124,000
	<b>\$ 141,098</b>	<b>\$ 106,189</b>	<b>\$ -</b>	<b>\$ 247,287</b>	<b>\$ 268,394</b>
<b>Grant Revenue</b>					
Government of Canada	\$ 201,357	\$ -	\$ -	\$ 201,357	\$ 113,154
Province of Ontario	79,094	-	-	79,094	158,727
Township of Severn	-	-	-	-	14,980
Other	212,293	97,340	-	309,633	222,286
	<b>\$ 492,744</b>	<b>\$ 97,340</b>	<b>\$ -</b>	<b>\$ 590,084</b>	<b>\$ 509,147</b>