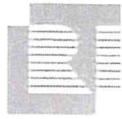


GANARASKA REGION CONSERVATION AUTHORITY
Financial Statements
December 31, 2016

GANARASKA REGION CONSERVATION AUTHORITY
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Year Ended December 31, 2016

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LYNCH
RUTHERFORD
TOZER

CHARTERED
PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Ganaraska Region Conservation Authority

We have audited the accompanying financial statements of Ganaraska Region Conservation Authority, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, accumulated surplus, cash flows and change in net financial assets 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 audit opinion.

Independent Auditor's Report to the Members of Ganaraska Region Conservation Authority *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ganaraska Region Conservation Authority as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Port Hope, Ontario
February 16, 2017

Chartered Professional Accountants
Licensed Public Accountants

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Financial Position
Year Ended December 31, 2016

	2016	2015
Financial Assets		
Cash	\$ 1,090,661	\$ 651,669
Accounts receivable	193,732	334,806
Term deposit (Notes 3, 8)	43,497	42,981
	1,327,890	1,029,456
 Liabilities		
Accounts payable (Note 5)	423,223	452,519
Deferred revenue	361,035	294,037
	784,258	746,556
Net Financial Assets	543,632	282,900
 Non-financial Assets		
Tangible capital assets (Note 6)	7,122,324	7,340,876
Prepaid expenses	63,571	59,074
	7,185,895	7,399,950
Accumulated Surplus (Note 7)	\$ 7,729,527	\$ 7,682,850

ON BEHALF OF THE BOARD

_____ Chair

_____ Vice-Chair

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Operations
Year Ended December 31, 2016

	Budget (Unaudited) 2016 (Note 12)	Actual (Audited) 2016	Actual (Audited) 2015
Revenue			
Municipal levies			
General	\$ 913,174	\$ 913,174	\$ 859,734
Benefitting	497,036	428,857	352,301
Government grants			
MNR transfer payments	100,462	100,462	100,462
Employment programs and other	28,361	12,104	17,932
Other grants	179,691	179,358	220,780
User fees and sales			
Ganaraska Forest timber sales	299,898	299,898	291,869
Watershed Stewardship	244,639	187,713	144,244
Ganaraska Forest Centre	469,100	532,991	417,434
Watershed Services	210,000	157,303	133,352
Forest Membership and Sales	297,200	306,292	271,565
Water Resources fees	85,500	95,225	63,175
Other			
Investment income	4,000	4,426	3,914
GFC Conservation Dinner	28,000	28,595	30,447
Sundry and other income	12,000	4,604	1,718
Trent Conservation Coalition			
Source Protection	88,000	89,247	128,263
Treetop Trekking lease and rental space	48,000	46,715	45,940
Donations	9,800	26,273	69,792
Building for Change donations	2,000	2,063	2,098
	3,516,861	3,415,300	3,155,020
Expenditures			
Watershed Management and Health Monitoring	1,101,980	969,860	935,534
Environmental Advisory Services	184,670	178,810	170,865
Watershed Stewardship	271,639	210,040	164,792
Conservation Land Management			
Passive Recreation	173,267	87,813	116,496
Ganaraska Forest	450,165	398,861	319,958
Ganaraska Forest Centre	692,188	674,002	669,083
Corporate Services	679,952	594,507	589,491
Amortization of tangible capital assets	-	254,730	258,486
	3,553,861	3,368,623	3,224,705
Surplus (deficit) for the year	\$ (37,000)	\$ 46,677	\$ (69,685)

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Accumulated Surplus
Year Ended December 31, 2016

	2016	2015
Accumulated surplus, beginning of year	\$ 7,682,850	\$ 7,752,535
Surplus (deficit) for the year	<u>46,677</u>	<u>(69,685)</u>
Accumulated surplus, end of year	<u>\$ 7,729,527</u>	<u>\$ 7,682,850</u>

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
Operating Activities		
Surplus (deficit) for the year	\$ 46,677	\$ (69,685)
Items not affecting cash:		
Amortization of tangible capital assets	254,730	258,486
(Gain) loss on disposal of tangible capital assets	8,470	-
	<u>309,877</u>	<u>188,801</u>
Changes in non-cash working capital:		
Accounts receivable	141,074	(175,489)
Prepaid expenses	(4,497)	1,672
Accounts payable	(29,296)	36,735
Deferred revenue	66,998	(40,236)
	<u>174,279</u>	<u>(177,318)</u>
Cash flow from operating activities	<u>484,156</u>	<u>11,483</u>
Capital activities		
Purchase of tangible capital assets	(44,648)	(81,628)
Purchase of term deposit	(516)	(42,981)
Cash flow used by capital activities	<u>(45,164)</u>	<u>(124,609)</u>
Increase (decrease) in cash	438,992	(113,126)
Cash, beginning of year	<u>651,669</u>	<u>764,795</u>
Cash, end of year	\$ 1,090,661	\$ 651,669

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Statement of Change in Net Financial Assets
Year Ended December 31, 2016

	2016	2015
Surplus (deficit) for the year	\$ 46,677	\$ (69,685)
Amortization of tangible capital assets	254,730	258,486
Purchase of tangible capital assets	(44,648)	(81,628)
(Gain) loss on disposal of tangible capital assets	8,470	-
Change in prepaid expenses	(4,497)	1,673
Increase in net financial assets	260,732	108,846
Net financial assets, beginning of year	282,900	174,054
Net financial assets, end of year	\$ 543,632	\$ 282,900

The accompanying notes form an integral part of these financial statements

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2016

1. NATURE OF OPERATIONS

The Ganaraska Region Conservation Authority (the "Authority") is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals for the watersheds within its area of jurisdiction. The Authority's area of jurisdiction includes areas in the Municipality of Clarington, Town of Cobourg, Municipality of Port Hope, Township of Hamilton, Township of Alwick/Haldimand, Township of Cavan Monaghan and the City of Kawartha Lakes.

The Authority is a registered charity and is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared by management in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

Accrual accounting

Revenue and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been settled by the receipt or payment of money.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair market value at the date of contribution. The cost of the tangible capital assets is amortized on a straight-line basis (except land which is not amortized).

Service life of tangible capital assets is as follows:

Land improvements	15 to 40 years	straight-line method
Building and building improvements	25 to 40 years	straight-line method
Furniture and fixtures	10 to 40 years	straight-line method
Machinery and equipment	5 to 30 years	straight-line method
Vehicles	5 to 25 years	straight-line method
Computers and computer software	3 to 10 years	straight-line method
Infrastructure	20 to 100 years	straight-line method

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

(continues)

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reserves

Reserves for future expenditures and contingencies are established as required at the discretion of the members of the Authority. Increases or decreases in these reserves are made by appropriations to or from operations.

Cash and cash equivalents

The Authority considers deposits in bank as cash and cash equivalents.

Revenue recognition

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

User charges and fees are recognized as revenue in the period in which the related services are performed.

Revenue from the lease of a specific section of the Ganaraska Forest and office space to an outside company is recognized monthly as set out in the terms of the lease agreement.

Deferred revenue

The Authority receives certain amounts principally from other public sector bodies, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. Further, certain user charges and fees are collected but for which the related services have yet to be performed. These amounts are recognized as revenue when the related expenditures are incurred or services performed.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. In particular, estimates are used in accounting for certain items such as the allowance for doubtful accounts and useful lives of tangible capital assets. Actual results could differ from these estimates.

Donated capital assets, materials and services

Donated capital assets are recorded at fair value when fair value can be reasonably estimated. Donated materials and services are not recorded.

Contributed services

Volunteers contribute significant time to the governance and delivery of the Authority programs. Due to the difficulty in determining the fair value of these contributions, contributed services are not recognized in the financial statements.

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2016

3. TERM DEPOSIT

	2016	2015
Redeemable GIC, Bank of Montreal, 1.20%, maturing December 10, 2020	\$ 43,497	\$ 42,981

The term deposit noted above represents the balance remaining in the Barbara Young reserve. The Authority has internally restricted these funds for use in the Trappers and Traders program and therefore the above GIC was purchased to segregate the remaining funds. (See Note 8 for further details of the bequest)

4. BANK INDEBTEDNESS

The operating line of credit is secured by a general security agreement. The authorized line of credit is \$250,000 with interest charged at prime plus 0.50%, of which \$250,000 remained unused as at December 31, 2016.

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable is a Government remittance payable of \$58 due to the Minister of Finance.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 935,531	\$ -	\$ 935,531	\$ 935,531
Land improvements	139,649	61,987	77,662	82,494
Building and building improvements	4,499,914	1,319,838	3,180,076	3,294,866
Furniture and fixtures	569,417	281,712	287,705	316,435
Machinery and equipment	281,331	232,221	49,110	48,255
Vehicles	227,037	154,727	72,310	80,598
Computers and computer software	179,120	132,004	47,116	57,301
Infrastructure	3,940,205	1,467,391	2,472,814	2,525,396
	\$ 10,772,204	\$ 3,649,880	\$ 7,122,324	\$ 7,340,876

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2016

7. ACCUMULATED SURPLUS

	2016	2015
Tangible capital assets	\$ 7,122,324	\$ 7,340,876
Unallocated accumulated surplus	226,294	134,709
Reserves (Note 8)		
Capital asset replacement reserve	123,128	-
Reserve for equipment purchase	154,284	154,284
Reserve for forest centre	50,000	-
Barbara Young reserve	43,497	42,981
Reserve for forest purchase	10,000	10,000
	<u>\$ 7,729,527</u>	<u>\$ 7,682,850</u>

8. RESERVES

- (a) **CAPITAL ASSET REPLACEMENT RESERVE** In 2016, the Authority implemented a capital asset management plan. The plan identified what assets the Authority has, the condition they are in and what the anticipated needs are to maintain the infrastructure. It also estimates the future needs both from the perspective of perserving existing infrastructure and also anticipates future new asset acquisitions and capacity enhancements. A determination was made of which assets need to be managed and replaced on a 20 year cycle, except for dam infrastructure which has a longer 40 year cycle.
- (b) **RESERVE FOR FOREST CENTRE** Years ago, the Authority set up a reserve in the event that the revenues for the Forest Centre exceeded the budgeted revenues and the expenditures were in line. This was to be used as needed at the Forest Centre, in particular, if there was a time when schools, due to stikes or other situations, did not particiapte in the programs and a shortfall in revenues was created. In 2016, the revenues for the Forest Centre did exceed the budgeted amount and the expenditures were in line so \$50,000 has been allocated to this existing reserve.
- (c) **BARBARA YOUNG BEQUEST** In 2015, the received a bequest from the estate of Barbara Young. The total amount received was \$57,981. Although the amount was not externally restricted, the Authority has elected to spend the funds on a new Trappers and Traders program. In 2015, \$15,000 was spent on the Trappers and Traders program leaving a balance of \$42,981 at December 31, 2015. The Authority purchased a term deposit (Note 3) and created a reserve account in the accumulated surplus to segregate the remaining funds.

9. PENSION AGREEMENTS

The Authority has a pension agreement with the Ontario Municipal Employee Retirement System ("OMERS") which is a multi-employer plan. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Authority remits monthly to OMERS the employee withholdings and matching contributions.

The Authority staff eligible for OMERS had the choice of joining OMERS or remaining a member of the existing group registered retirement savings plan ("RRSP"). Some members of staff chose to remain with the RRSP and employer contributions are being made to this plan rather than OMERS on behalf of those employees.

GANARASKA REGION CONSERVATION AUTHORITY
Notes to Financial Statements
December 31, 2016

10. COMMITMENTS

(a) The Authority has lease commitment expenditures on various equipment. The future minimum lease payments as at December 31, 2016 are as follows:

2017	\$	5,649
2018		3,820
2019		3,211
2020		3,211

(b) The Authority has entered into a lease agreement with an outside company for a specific section of the Ganaraska Forest as well as some office space. The lease has an initial term of ten years, ending in June 2021, and an option to renew for a further five years. The future minimum lease revenue to be received by the Authority as at December 31, 2016 is as follows:

2017	\$	29,598
2018		29,598
2019		29,598
2020		29,598

11. FINANCIAL INSTRUMENTS

The fair value of cash, temporary investments, accounts receivable, accounts payable and deferred revenue are approximately equal to their carrying value due to their short-term maturity date.

12. BUDGET FIGURES

The 2016 budget figures included in these financial statements are those adopted by the Authority on May 19, 2016. The budget figures are unaudited.