

Financial Statements of

HALIBURTON HIGHLANDS LAND TRUST

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Haliburton Highlands Land Trust

Opinion

We have audited the accompanying financial statements of Haliburton Highlands Land Trust, which comprise the statement of financial position as at December 31, 2019 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the land trust as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for December 31, 2019.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the land trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the land trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the land trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the land trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 land trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the land trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the land trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Peter Bennett Professional Corporation

Chartered Professional Accountant, Authorized to practise public accounting by
Chartered Professional Accountants of Ontario
Orillia, Ontario
August 17, 2020



HALIBURTON HIGHLANDS LAND TRUST
STATEMENT OF FINANCIAL POSITION
December 31, 2019

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 30,214	\$ 13,369
Short-term investments (note 3)	119,758	130,035
HST receivable	6,380	4,506
Prepaid expenditures	1,385	1,505
	<u>157,737</u>	<u>149,415</u>
LONG-TERM INVESTMENTS (note 3)	50,000	-
ENDOWED INVESTMENTS (note 3)		
Norah's Island	60,230	60,850
Dahl Forest	60,365	61,695
	<u>120,595</u>	<u>122,545</u>
PROTECTED LANDS (note 4)	1,458,164	1,458,164
	<u>\$ 1,786,496</u>	<u>\$ 1,730,124</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,114	\$ 6,829
Deferred revenue (note 5)	51,282	11,000
	<u>55,396</u>	<u>17,829</u>
NET ASSETS		
Invested in protected lands	1,458,164	1,458,164
Norah's Island Endowment Fund	60,230	60,850
Dahl Forest Endowment Fund	60,365	61,696
Don and Lorraine Smith Stewardship Fund	115,000	70,450
Unrestricted	37,341	61,135
	<u>1,731,100</u>	<u>1,712,295</u>
	<u>\$ 1,786,496</u>	<u>\$ 1,730,124</u>

See accompanying notes to the financial statements



HALIBURTON HIGHLANDS LAND TRUST

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2019

	Unrestricted	Don and Lorraine Smith Stewardship Fund	Norah's Island Endowment Fund	Dahl Forest Endowment Fund	Invested in Land assets	Total 2019	2018
Opening balance	\$ 61,135	\$ 70,450	\$ 60,850	\$ 61,696	\$ 1,458,164	\$ 1,712,295	\$ 1,172,783
Net Income	14,513	3,244	1,210	(162)	-	18,805	(4,488)
Contribution	-	-	-	-	-	-	544,000
Transfers (note 6)	(38,307)	41,306	(1,830)	(1,169)	-	-	-
Closing balance	\$ 37,341	\$ 115,000	\$ 60,230	\$ 60,365	\$ 1,458,164	\$ 1,731,100	\$ 1,712,295

See accompanying notes to the financial statements



HALIBURTON HIGHLANDS LAND TRUST**STATEMENT OF OPERATIONS**

Year ended December 31, 2019

	2019	2018
REVENUE		
Climate Action Fund grant (note 5)	\$ 21,025	\$ -
Ontario Trillium Foundation grant (note 5)	20,788	-
Ontario Species at Risk grant	-	33,072
Canada 150	-	10,549
Other grants	12,711	4,700
Donations	43,661	18,186
Dance	16,528	16,111
Memberships	3,530	4,570
Interest (note 3)	6,097	3,705
Other programs	1,445	1,925
	125,785	92,818
EXPENDITURES		
Climate Action Fund	21,025	-
Ontario Trillium Foundation	20,788	-
Ontario Species at Risk	-	34,303
Canada 150	-	9,653
Other grants	4,856	1,861
Dance	5,285	4,753
Staff costs	23,332	23,454
Property expenditures	16,148	5,925
Office rent	3,357	3,300
Office	3,224	3,235
Professional fees	2,962	2,754
Telephone	1,960	1,775
Insurance	1,358	2,062
Memberships	1,358	2,018
Advertising and promotion	764	1,731
Bank charges and interest	563	482
	106,980	97,306
EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 18,805	\$ (4,488)

See accompanying notes to the financial statements



HALIBURTON HIGHLANDS LAND TRUST**STATEMENT OF CASH FLOW**

Year Ended December 31, 2019

	2019	2018
CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 18,805	\$ (4,488)
Cash provided from (invested in) non-cash working capital items		
Short-term investments	10,277	(29,985)
Accounts receivable	-	40,619
HST receivable	(1,874)	4,240
Prepaid expenditures	120	8,441
Accounts payable and accrued liabilities	(2,715)	(25,995)
Deferred revenue	40,282	(4,199)
	46,090	(6,879)
NET CASH FROM OPERATIONS	64,895	(11,367)
CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES		
Long-term investments	(50,000)	-
Endowed investments	1,950	(3,355)
Protected lands	-	(10,164)
	(48,050)	(13,519)
INCREASE IN CASH DURING THE YEAR	16,845	(24,886)
CASH - beginning of year	13,369	38,255
CASH - end of year	\$ 30,214	\$ 13,369

See accompanying notes to the financial statements



1. NATURE OF THE ORGANIZATION

Haliburton Highlands Land Trust was incorporated under the Canada Corporations Act on March 23, 2005 as a not-for-profit organization and is a registered charity under the Income Tax Act of Canada, and accordingly is not subject to income taxes.

Haliburton Highlands Land Trust's mandate is to acquire, hold, manage, preserve and enhance lands and waters of natural, environmental and/or aesthetic value for conservation purposes. Haliburton Highlands Land Trust also aims to foster responsible attitudes towards protecting natural and cultural sites.

Haliburton Highlands Land Trust is a volunteer driven, community-based operation and a member of the Ontario Land Trust Alliance.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

a) Revenue recognition

Haliburton Highlands Land Trust uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received. Restricted contributions and grant revenue is recognized when earned, as related expenditures are incurred. Unearned revenue is deferred until earned. Endowment contributions are recognized as a direct increase in endowment fund balances.

b) Tangible capital assets and protected lands

Tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of the contribution. Land gifted to the Trust for a donation receipt for the tax purposes of a donor is subject to extensive valuation, and carried at that valuation amount. For those donations of lands 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.

c) Fund accounting

The Don and Lorraine Smith Stewardship Fund provides for the maintenance and upkeep of the Smith Forest property plus other properties acquired by the Land Trust such as the Fred and Pearl Barry Wetland, and also assists in furthering the goals of the Land Trust.

The Unrestricted Fund accounts for the organization's general operations. This fund reports unrestricted resources and restricted operating grants. The majority of this fund was generously donated by Don and Lorraine Smith.

The Norah's Island Endowment Fund was established with the purpose of providing Haliburton Highlands Land Trust with a stable and ongoing funding stream with the intention of providing for the expenditures of the Norah's Island area.

The Dahl Forest Endowment Fund was established with the purpose of providing Haliburton Highlands Land Trust with a stable and ongoing funding stream with the intention of providing for the expenditures of the Dahl Forest area.



2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**d) Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires the corporation 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 the corporation's best estimates as additional information becomes available in the future.

e) Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

3. INVESTMENTS

Endowed investments consist of various GICs with maturities ranging from February 9, 2020 to March 26, 2024. Interest rates range from 2.39% to 3.03%.

Investments consists of various GICs with maturities ranging from July 27, 2020 to January 27, 2025 and interest rates from 1.95% to 2.33%. \$54,942 is invested in a high interest savings account at 1.6%.

4. PROTECTED LANDS

Protected lands consist of the following:

	2019	2018
Barnum Creek Nature Reserve	\$ 554,164	\$ 554,164
Barry Wetland	46,000	46,000
Dahl Forest	438,000	438,000
Norah's Island	350,000	350,000
Smith Forest	70,000	70,000
	\$ 1,458,164	\$ 1,458,164



5. DEFERRED REVENUE

Deferred revenue relates to grants received for projects or purposes not yet completed. Amounts received in excess of expenditures incurred creates current balances

	----- Opening	Received	2019 Recognized	----- Balance	2018
Ontario Trillium Fund	\$ -	\$ 64,000	\$ 20,788	\$ 43,212	\$ -
TD Friends of the Environment	11,000	7,270	11,000	7,270	11,000
Climate Action Fund	-	21,825	21,025	800	-
	\$ 11,000	\$ 93,095	\$ 52,813	\$ 51,282	\$ 11,000

6. INTERFUND TRANSFERS

During the year, the trust transferred \$1,830 (2018 – (\$869)) from the Norah’s Island Endowment Fund to the Unrestricted Fund to contribute to the general operating expenses incurred as per the endowment agreement.

During the year, the Trust transferred \$1,169 (2018 – (\$4,160)) from the Dahl Forest Endowment Fund to the Unrestricted Fund to contribute to the general operating expenses incurred as per the endowment agreement.

At the end of the year, the trust transferred \$41,306 (2018- nil) from the Unrestricted Fund to the Don and Lorraine Smith Stewardship Fund for future property costs.

7. COMMITMENTS

Haliburton Highlands Land Trust has a rental agreement for \$265 monthly plus HST, expiring on January 31, 2022.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations is budgeted to cover the organization’s cash requirements. Cash from investments is available to cover any cash shortfalls.

Credit risk

The credit risk is limited to the value of accounts receivable on the balance sheet.

Interest rate risk

The organization has exposure to interest rate risk. Investments are invested in interest bearing instruments and the amount of interest income will fluctuate with interest rates. Interest income is not a significant source of revenue.

Foreign exchange risk

The organization has no exposure to foreign exchange risk.

