

HALIBURTON HIGHLANDS LAND TRUST

Financial Statements
December 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Haliburton Highlands Land Trust:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Haliburton Highlands Land Trust (the land trust) which comprise the statement of financial position as at December 31, 2024 and the statements of operations, changes in net assets and cash flows for the year then ended, in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the land trust as at December 31, 2024, 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 (ASNPO).

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 *Auditors' 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.

Other Matter

The financial statements of the land trust for the year ended December 31, 2023, were audited by another auditor who expressed an unqualified opinion on those statements on June 5, 2024.

Responsibilities of Management and Those Charged with Governance 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.

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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Hutton Valvano Crowe Philipp LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
May 28, 2025

HALIBURTON HIGHLANDS LAND TRUST

STATEMENT OF FINANCIAL POSITION December 31, 2024

	Notes	2024	2023
ASSETS			
CURRENT			
Cash and equivalents		\$ 353,876	\$ 210,790
Short-term investments	2	10,000	10,000
Accounts receivable		89,213	3,162
HST receivable		11,313	8,737
Prepaid expenses		930	930
		465,332	233,619
PROTECTED LANDS	3	1,458,164	1,458,164
LONG-TERM INVESTMENTS	2	40,000	40,000
ENDOWED INVESTMENT - NORAH'S ISLAND	4	60,000	60,000
ENDOWED INVESTMENT - DAHL FOREST	4	60,000	60,000
		\$ 2,083,496	\$ 1,851,783
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 12,782	\$ 7,068
Government remittances		9,638	2,869
Deferred revenue	5	271,838	54,730
		294,258	64,667
COMMITMENTS	6		
NET ASSETS			
Unrestricted		83,149	81,027
Don and Lorraine Smith Stewardship Fund		127,925	127,925
Norah's Island Endowment Fund		60,000	60,000
Dahl Forest Endowment Fund		60,000	60,000
Invested in protected lands		1,458,164	1,458,164
		1,789,238	1,787,116
		\$ 2,083,496	\$ 1,851,783

Approved by the Board:

.....Director

See accompanying notes

HALIBURTON HIGHLANDS LAND TRUST

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2024

	Unrestricted	Don and Lorraine Smith Stewardship Fund	Norah's Island Endowment Fund	Dahl Forest Endowment Fund	Invested in protected lands	Total 2024	Total 2023
BALANCE, opening	\$ 81,027	\$ 127,925	\$ 60,000	\$ 60,000	\$1,458,164	\$1,787,116	\$1,771,308
Excess of revenue over expenditures	253	(270)	1,669	470	-	2,122	15,808
Transfers (Note 7)	1,869	270	(1,669)	(470)	-	-	-
BALANCE, closing	\$ 83,149	\$ 127,925	\$ 60,000	\$ 60,000	\$1,458,164	\$1,789,238	\$1,787,116

See accompanying notes

HALIBURTON HIGHLANDS LAND TRUST

STATEMENT OF OPERATIONS

For the year ended December 31, 2024

	Notes	2024	2023
REVENUE			
Environment and Climate Change Canada	5	\$ 97,041	\$ 73,810
Other grants	5	54,177	22,816
Ontario Trillium Foundation grant	5	43,524	11,444
Donations	5	22,485	37,625
Interest	2,4	15,721	12,751
Memberships		5,537	4,928
Other programs		1,334	1,806
Ontario Species at Risk grant		-	2,944
		239,819	168,124
EXPENSES			
Environment and Climate Change Canada		74,417	74,004
Other grants		47,697	18,834
Ontario Trillium Foundation		43,150	4,397
Administrative salaries and wages		32,218	27,297
Professional fees		10,566	3,066
Property expenditures		9,711	8,863
Insurance		4,403	4,260
Advertising and promotion		4,273	1,300
Interest and bank charges		3,595	1,107
Rent		3,500	3,436
Office and general		1,602	2,757
Memberships		1,498	1,356
Telephone		994	1,543
Travel		73	-
Ontario Species at Risk		-	96
		237,697	152,316
EXCESS OF REVENUE OVER EXPENDITURES		\$ 2,122	\$ 15,808

See accompanying notes

HALIBURTON HIGHLANDS LAND TRUST

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 2,122	\$ 15,808
Net change in non-cash working capital items:		
Accounts receivable	(86,051)	1,138
HST receivable	(2,576)	1,375
Accounts payable and accrued liabilities	5,714	(6,736)
Government remittances	6,769	1,301
Deferred revenue	217,108	13,459
	<u>143,086</u>	<u>26,345</u>
INVESTING ACTIVITIES		
Proceeds from maturity of short-term investments	10,000	10,000
Purchase of long-term investments	(10,000)	(10,000)
Proceeds from maturity of endowed investments	24,000	24,000
Purchase of endowed investments	(24,000)	(24,000)
Interest earned on endowed investments	-	154
	<u>-</u>	<u>154</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	143,086	26,499
CASH AND EQUIVALENTS, beginning of year	<u>210,790</u>	<u>184,291</u>
CASH AND EQUIVALENTS, end of year	<u>\$ 353,876</u>	<u>\$ 210,790</u>

See accompanying notes

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

DESCRIPTION OF BUSINESS

Haliburton Highlands Land Trust is a not-for-profit organization (hereinafter, "the land trust") incorporated without share capital under the Ontario Business Corporations Act and is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

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.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian generally accepted accounting principles applying accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of estimates

The preparation of the land trust's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the period they become known. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1 SIGNIFICANT ACCOUNTING POLICIES continued Revenue recognition

The land trust 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. Endowment contributions are recognized as a direct increase in endowment fund balances.

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

i) Government Funding

Government funding consists of various grants related to current and capital expenditures. Grants related to current expenditures are reflected in the accounts as revenue in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of equipment is recognized in income on the same basis as amortization of these assets is charged to operations.

ii) Fundraising and Other

Fundraising and other amounts received are recorded when funds are received. Donated materials and services which are normally purchased by the land trust are not recorded in the accounts.

iii) Interest

Interest is earned on cash the land trust holds in a chequing account, as well as on GIC investments and is recorded on a time proportion basis.

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1 SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments

Initial and measurement

The land trust initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the land trust in the transaction.

Subsequent measurement

The land trust subsequently 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. Changes in fair value are recognized in income in the period incurred.

Financial assets are measured at amortized cost using the straight-line method.

The land trust financial assets consist of accounts receivable, short and long-term investments and endowed investments.

Impairment

For financial assets measured at cost or amortized cost, the land trust determines whether there are indications of possible impairment. When there is an indication of impairment, and the land trust 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.

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

1 SIGNIFICANT ACCOUNTING POLICIES continued

Cash and equivalents

Cash and equivalents consist of cash on hand and balances with banks and investments in money market instruments which are readily convertible to a known amount of cash and not subject to a high risk of change in value.

Protected Lands

Protected Lands are recorded at cost. Contributed lands are recorded at fair market value at the date of the contribution. Land gifted to the land 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.

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 land trust'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 the 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 the land trust with a stable and ongoing funding stream with the intention of providing for the expenditures of the Dahl Forest area.

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

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

2 INVESTMENTS

	2024	2023
GICs with maturities ranging from January 2025 to January 2029 at interest rates of 1.41% to 4.30%.	\$ 50,000	\$ 50,000
Less: short-term	(10,000)	(10,000)
	\$ 40,000	\$ 40,000

3 PROTECTED LANDS

	2024	2023
Barnum Creek Nature Reserve	\$ 554,164	\$ 554,164
Dahl Forest	438,000	438,000
Norah's Island	350,000	350,000
Smith Forest	70,000	70,000
Barry Wetland	46,000	46,000
	\$ 1,458,164	\$ 1,458,164

4 ENDOWED INVESTMENTS

Endowed investments consist of various GICs with maturities ranging from June 2025 to June 2029. Interest rates range from 1.68% to 4.97% with a total value invested of \$120,000. The endowed investments are set aside to be used exclusively for two of the land trust's protected lands; Norah's Island and Dahl Forest.

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS December 31, 2024

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.

	-----2024-----				2023
	Opening	Received	Recognized	Balance	
Hadlington Acquisition Fund	\$ -	\$ 133,200	\$ (2,705)	\$ 130,495	\$ -
OTF - Communities - (i)	-	96,600	(38,707)	57,895	-
OTF - Seed Grant	-	48,800	(4,818)	43,982	-
Highlands Corridor	36,239	26,185	(44,757)	17,667	36,239
Property L Acquisition Fund	-	15,000	-	15,000	-
Environment and Climate					
Change Canada	18,491	80,337	(94,333)	4,495	18,491
TD Friends of the Environment	-	2,840	(535)	2,305	-
Barnum Creek Nature Reserve	-	2,905	(2,905)	-	-
Ontario Land Trust Alliance	-	3,652	(3,652)	-	-
Invasive Species Action Fund	-	2,493	(2,493)	-	-
The Haliburton County Development Corporation	-	2,741	(2,741)	-	-
	\$ 54,730	\$ 414,753	\$ (197,646)	\$ 271,839	\$ 54,730

(i) During the year, the land trust entered into a grant agreement with the Ontario Trillium Foundation to receive funding totaling \$193,200 over a 24-month period beginning May 1, 2024. Subsequent to year-end, the land trust received the second instalment of \$48,300 on January 8, 2025. This amount has been recorded as a receivable as at the date of the statement of financial position.

6 COMMITMENTS

The land trust is committed under operating leases for leased premises in the following amounts:

2025	\$ 3,885
2026	3,966
2027	331
	<u>\$ 8,182</u>

HALIBURTON HIGHLANDS LAND TRUST

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

7 INTERFUND TRANSFERS

During the year, the land trust transferred interest income of \$1,669 (2023 - \$996) 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 land trust transferred interest income of \$470 (2023 - (\$662)) from the Dahl Forest Endowment Fund to the Unrestricted Fund to contribute to the general operating expenses incurred as per the endowment agreement.

8 FINANCIAL INSTRUMENTS

Risks and concentrations

The land trust is exposed to various risks through its financial instruments, without being exposed to concentrations of risk, except where noted below. The following analysis provides a measure of the land trust's risk exposure at the statement of financial position date.

Credit risk

The land trust has credit risk in accounts receivable. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

Interest rate risk

The land trust 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.

9 COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.