



Financial Statements

Niagara Land Trust Foundation

December 31, 2012

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# Independent Auditor's Report

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To the Directors of  
Niagara Land Trust Foundation

We have audited the accompanying financial statements of Niagara Land Trust Foundation, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and changes in fund balances and 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 organization'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 organization'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.

## Independent Auditor's Report (continued)

### *Basis for Qualified Opinion*

Niagara Land Trust Foundation, in common with many charitable organizations, derives a material amount of revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the organization. Therefore, we are unable to determine whether any adjustments for unrecorded revenues might be necessary to donation revenues for the year then ended December 31, 2012.

### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2012 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.

### *Comparative Information*

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that Niagara Land Trust Foundation adopted Canadian accounting standards for private enterprises on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations and changes in fund balances and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*Grant Thornton LLP*

St. Catharines, Canada  
July 2, 2013

Chartered Accountants  
Licensed Public Accountants

## Niagara Land Trust Foundation Statement of Financial Position

	Externally Restricted 2012	Unrestricted 2012	Total 2012	Unaudited Total 2011	Unaudited Total January 1, 2011
<b>December 31</b>					
<b>Assets</b>					
Current					
Cash	\$ 4,273	\$ 2,832	\$ 7,105	\$ 24,746	\$ 10,319
HST receivable	-	883	883	1,478	423
Prepaid expenses	-	787	787	7,952	1,088
Due from Unrestricted Fund	-	-	-	-	3,476
	<u>\$ 4,273</u>	<u>\$ 4,502</u>	<u>\$ 8,775</u>	<u>\$ 34,176</u>	<u>\$ 15,306</u>
<b>Liabilities</b>					
Current					
Accounts payable and accrued liabilities	-	\$ 2,923	\$ 2,923	\$ 12,297	\$ 3,987
Deferred revenue (Note 4)	4,273	-	4,273	11,551	12,308
Due to Externally Restricted Fund	-	-	-	-	3,476
	<u>4,273</u>	<u>2,923</u>	<u>7,196</u>	<u>23,848</u>	<u>19,771</u>
	-	1,579	1,579	10,328	(4,465)
	<u>\$ 4,273</u>	<u>\$ 4,502</u>	<u>\$ 8,775</u>	<u>\$ 34,176</u>	<u>\$ 15,306</u>
<b>Fund Balances</b>					
Unrestricted					

Contingency (Note 5)

Approved on behalf of the Board

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Director

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## Niagara Land Trust Foundation

### Statement of Operations and Changes in Fund Balances

Year Ended December 31	Externally Restricted <b>2012</b>	Unrestricted <b>2012</b>	<b>Total 2012</b>	Unaudited Total 2011
<b>Revenues</b>				
Donations	\$ -	\$ 7,906	\$ 7,906	\$ 21,718
Grant	30,778	-	30,778	52,757
Fundraising	-	4,376	4,376	10,484
Stewardship	-	1,430	1,430	-
Gifts in kind	-	3,200	3,200	300
	<u>30,778</u>	<u>16,912</u>	<u>47,690</u>	<u>85,259</u>
<b>Expenses</b>				
Salaries and benefits	30,778	-	30,778	47,093
Advertising and promotion	-	1,930	1,930	4,459
Fundraising	-	3,518	3,518	4,401
Office	-	1,445	1,445	132
Insurance	-	685	685	492
Professional fees	-	3,222	3,222	2,598
Dues and fees	-	1,282	1,282	1,344
Conservation easement	-	6,764	6,764	-
Land securement and stewardship	-	1,317	1,317	-
Stewardship fund transfer	-	510	510	2,061
Rent and utilities	-	3,600	3,600	3,990
Travel	-	1,388	1,388	2,418
Conferences and meetings	-	-	-	1,478
	<u>30,778</u>	<u>25,661</u>	<u>56,439</u>	<u>70,466</u>
(Deficiency) excess of revenues over expenses for the year	\$ -	\$ (8,749)	\$ (8,749)	\$ 14,793
<hr/>				
Fund Balances - Beginning of year	\$ -	\$ 10,328	\$ 10,328	\$ (4,465)
(Deficiency) excess of revenues over expenses for the year	<u>-</u>	<u>(8,749)</u>	<u>(8,749)</u>	<u>14,793</u>
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 1,579</u>	<u>\$ 1,579</u>	<u>\$ 10,328</u>

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## Niagara Land Trust Foundation Statement of Cash Flows

Year Ended December 31	2012	Unaudited 2011
<b>Operating</b>		
(Deficiency) excess of revenues over expenses for the year	\$ (8,749)	\$ 14,793
Changes in non-cash working capital		
HST receivable	595	(1,055)
Prepaid expenses	7,165	(6,864)
Accounts payable and accrued liabilities	(9,374)	8,310
Deferred revenue	<u>(7,278)</u>	<u>(757)</u>
	<u>(17,641)</u>	<u>14,427</u>
(Decrease) increase in cash	(17,641)	14,427
Beginning of year	<u>24,746</u>	<u>10,319</u>
End of year	\$ <u>7,105</u>	\$ <u>24,746</u>

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# Niagara Land Trust Foundation

## Notes to the Financial Statements

December 31, 2012

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### 1. Nature of Operations

Niagara Land Trust Foundation is a registered charitable organization incorporated in Canada without share capital by Letters Patent dated December 27, 2007. The Foundation undertakes activities to conserve the natural heritage of the Niagara Peninsula through acquiring and managing lands of environmental, agricultural, heritage or landscape interest.

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### 2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies:

#### Fund Accounting

The Foundation follows the fund method of accounting whereby financial statement elements are reported by fund. Resources are classified for accounting and reporting purposes by the activity or objective specified. Externally Restricted Funds have external stipulations that specify how resources must be used. Unrestricted Funds have no restrictions.

#### Revenue Recognition

The Foundation follows the deferral method of accounting for contributions which include donations and grants.

Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant received relates to a future period, it is deferred and recognized in a subsequent period.

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.

The Foundation receives in kind contributed materials and services which are recorded at fair market value when received and are recorded as revenue in the unrestricted fund.

#### Property and Equipment

The Foundation currently follows a policy of expensing capital asset purchases such as equipment and furniture in the year of acquisition.

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# Niagara Land Trust Foundation

## Notes to the Financial Statements

December 31, 2012

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### 2. Significant accounting policies continued

#### Financial Instruments

##### Measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, HST receivable and accounts payable and accrued liabilities.

##### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in revenues.

#### Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results could differ from those estimates.

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### 3. Impact of the change in the basis of accounting

The organization has elected to apply Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in Section 1501, *First-time Adoption by Not-for-Profit Organizations*, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statement for the current or previous period.

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# Niagara Land Trust Foundation

## Notes to the Financial Statements

December 31, 2012

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### 4. Deferred revenue

The deferred revenue reported in the externally restricted fund represents restricted contributions received from the Ontario Trillium Foundation that are related to subsequent periods. Changes in the deferred revenue balance are as follows:

	2012	2011	January 1, 2011
Beginning balance	\$ 11,551	\$ 12,308	\$ 9,400
Add: amounts received in the current year	23,500	52,000	28,500
Less: amounts recognized as revenue in the year	<u>(30,778)</u>	<u>(52,757)</u>	<u>(25,592)</u>
Ending balance	<u>\$ 4,273</u>	<u>\$ 11,551</u>	<u>\$ 12,308</u>

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### 5. Contingency

The operating results of the Foundation may be subject to review by the various organizations who have provided funding. Any funding adjustments which may result from any review will be made during the subsequent years and will be accounted for as a current year adjustment to the statement of operations.

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### 6. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations at December 31, 2012.

#### Liquidity Risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

#### Market Risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is management's opinion that the Foundation is not exposed to any of these risks.

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