

# **Financial Statements**

**Ontario Land Trust Alliance Inc.**

Toronto, Ontario

*June 30, 2012*

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## **Independent Auditors' Report**

### **To the Members of Ontario Land Trust Alliance Inc.:**

We have audited the accompanying financial statements of Ontario Land Trust Alliance Inc., which comprise the statement of financial position as at June 30, 2012, and the statements of accumulated surplus, operations 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 generally accepted accounting principles, 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.

### **Auditors' 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 Corporation'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 Corporation'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.

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**Independent Auditors' Report - continued**

**Basis for Qualified Opinion**

In common with many charitable organizations, the Corporation derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, special events revenue, surplus, current assets and net assets.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ontario Land Trust Alliance Inc. as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
October 5, 2012

PRENTICE YATES & CLARK

Chartered Accountants Licensed Public Accountants

**Ontario Land Trust Alliance Inc.**

*June 30, 2012*

**Statement of Financial Position**

	2012	2011
<b>Current Assets</b>		
Cash	\$ 106,047	\$ 128,004
Accounts receivable	20,163	3,031
Prepaid expenses	5,617	5,937
<b>Total Current</b>	131,827	136,972
	131,827	136,972
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	11,279	7,950
Deferred revenue, Note 4	94,867	57,704
<b>Total Current</b>	106,146	65,654
<b>Net Assets</b>		
Accumulated surplus, per statement, Note 6	25,681	71,318
	25,681	71,318
	131,827	136,972

**Approved by The Board**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Treasurer

The notes on pages 9 through 12 form an integral part of these financial statements.

**Ontario Land Trust Alliance Inc.**

*Year ended June 30, 2012*

**Statement of Accumulated Surplus**

	2012	2011
Balance beginning	\$ 71,318	\$ 50,193
Add (deduct)		
Surplus (deficit)	(45,637)	21,125
<b><i>Balance June 30</i></b>	<b>25,681</b>	<b>71,318</b>

**Ontario Land Trust Alliance Inc.***Year ended June 30, 2012*

<b>Statement of Operations</b>	2012	2011
<b>Revenues</b>		
Government grants	\$ 374,203	\$ 371,690
Private grants	55,625	66,603
Memberships	34,956	33,327
Special events	3,100	3,472
Annual gathering	6,041	24,689
Project fees, workshops and other revenue	38,462	34,379
Donations	18,224	3,879
<b>Total Revenues</b>	<b>530,611</b>	<b>538,039</b>
<b>Expenses</b>		
Operations, communications, member services	109,938	42,960
Education, training and capacity-building	45,632	29,145
Organization assessment program	15,572	116,671
Information and resource library	35,092	45,680
Annual conference	33,685	44,939
Stewardship fund program	86,329	85,856
Ontario Land Trust Assistance Program	250,000	151,663
<b>Total Expenses</b>	<b>576,248</b>	<b>516,914</b>
<b>Surplus (Deficit)</b>	<b>(45,637)</b>	<b>21,125</b>

**Ontario Land Trust Alliance Inc.***Year ended June 30, 2012*

<b>Statement of Cash Flows</b>	2012	2011
<b>Operating Activities</b>		
Net income (loss)	\$ (45,637)	\$ 21,125
<b>Changes in Non-Cash Working Capital</b>		
Accounts receivable	(17,132)	47,022
Prepaid expenses	320	3,194
Accounts payable and accrued liabilities	3,329	7,268
Deferred revenue	37,163	(6,215)
	<u>23,680</u>	<u>51,269</u>
<b>Cash Flows Provided By (Used In) Operating Activities</b>	<u>(21,957)</u>	<u>72,394</u>
Net increase (decrease) during the year	(21,957)	72,394
Cash at beginning of year	128,004	55,610
<b>Cash at End Of Year</b>	<u>106,047</u>	<u>128,004</u>



## **Notes to Financial Statements**

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### **Status and Nature of Activities**

Ontario Land Trust Alliance Inc. (OLTA) has a mandate to encourage the land trust movement throughout Ontario. OLTA members protect wilderness, agricultural and other lands, water and facilities that have a natural cultural or heritage significance to communities throughout Ontario. OLTA is a province-wide network of members who adhere to the Canadian Land Trust Standards and Practices regarding the broad spectrum of land trust activities.

The Corporation is a registered charitable organization under the Income Tax Act, incorporated without share capital by letters patent under the Canadian Corporations Act.

### **Note 1 Significant Accounting Policies**

#### **Revenue Recognition**

The Corporation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured. Contributions received in advance of a program year and unearned are recorded as deferred revenue and recognized as revenue in the period in which the related expense is incurred.

Investment income includes interest from cash. Investment income is recognized on an accrual basis.

Revenue from membership fees is recognized over the period the membership relates to.

Revenue from special events, the annual gathering, project fees, workshops and other sources are recognized when the services are provided.

#### **Financial Instruments**

The Corporation has elected to use the exemption provided by The Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations to not apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have been applied to the financial statements of the Co-operative for the year ended June 30, 2012. The Corporation applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

#### **Use of Estimates**

The preparation of financial statements requires the management to make assumptions about future events that affect the reported amounts of assets and liabilities and 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. Actual results could differ from these estimates.

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**Note 1      Significant Accounting Policies - continued**

**Donated Services**

The Corporation benefits greatly from donated services in the form of volunteer work for various activities. The value of the donated services is not recognized in the financial information because of the difficulty of measurement.

**Allocation of Expenses**

Salaries, bookkeeping and other administrative costs incurred by the Corporation are allocated between the various projects as presented in Note 8. The allocation is based on budgeted time estimates, which are calculated using prior year approximations of staff time spent on various projects.

**Note 2      Recent Accounting Pronouncement**

New accounting standards for non-profit organizations are effective with years beginning on or after January 1, 2012. The Corporation plans to implement these new standards. The Corporation is working to determine what impact, if any, the initial adoption of these standards will have on its financial statements. Significant changes are not anticipated.

**Note 3      Financial Instruments**

**Risk Management Policy**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at June 30, 2012.

**Credit Risk**

The Corporation is subject to concentrations of credit risk through its accounts receivable. The accounts receivable balance is made up of mostly receivables from government organizations within Canada. The maximum credit risk is equivalent to the carrying value. Management believes that the credit risk concentration with respect to its accounts receivable is low. Management assesses collectibility of its receivables on a periodic basis, and any receivables deemed uncollectible are written off.

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period. It is management's opinion that the Corporation is not subject to significant interest rate risk, foreign currency risk or commodity risk.

**Note 3      Financial Instruments - continued**

**Fair Value**

The fair values of cash, accounts receivable and accounts payable are approximately equal to their carrying value due to their short term nature.

**Note 4      Deferred Revenue**

Deferred revenue includes the contributions received during the year ending June 30, 2012 for which related expenses will not be incurred until the 2013 fiscal year and consist of:

Assess your organization (Trillium)	\$	34,628
TD Land Trust Tools project		15,353
MEC Capacity building		10,628
Web site template project		7,500
Membership fees		26,565
Other		193
		94,867

**Note 5      Capital Management**

The Corporation's objectives when managing capital are:

- (a) to safeguard its ability to continue as a going concern; and
- (b) to ensure that enough funds are available to perform all necessary program activities.

The above objectives are considered in the preparation of its annual budget and in monitoring of cash flows and actual operating results compared to the budget.

Funds are secured through obtaining grants from various organizations, obtaining membership fees from members and by soliciting donations.

Capital is described as follows:

	2012	2011
Accumulated surplus	\$ 25,681	\$ 71,318

The accumulated surplus earned by the Corporation must be expended in accordance with Canada Revenue Agency guidelines for charities.

As of the audit report date, the Corporation was in compliance with all of its externally imposed restrictions. There has been no change with respect to the overall capital risk management strategy during the year.

**Note 6      Accumulated Surplus**

The accumulated surplus is composed of the following balances:

	2012	2011
Restricted Fund for Future Cash Flows	\$ 25,000	\$ 25,000
Unrestricted Surplus	681	46,318
	<u>25,681</u>	<u>71,318</u>

In a prior year the board established a reserve called the Restricted Fund for Future Cash Flows. This fund is defined as a reserve restricted to cover only shortfalls in core operations and administration with access to reserve funds being made only by resolution of the Board of Directors.

**Note 7      Operating Lease Commitments**

The Corporation is committed under lease agreements until June 30, 2015 for rent. Future minimum annual payment requirements are as follows excluding applicable sales taxes:

2013	\$ 9,520
2014	10,115
2015	10,710

**Note 8      Salaries, Bookkeeping and Other Administrative Costs**

Salaries, bookkeeping and other administrative costs consists of remuneration to employees and contract labourers as well as general office expenses. The total amount of salaries, bookkeeping and other administrative costs during the year totaled \$264,535.

The expenditures have been allocated as follows:

	2012	2011
Operations, communications, member services	\$ 101,707	\$ 16,028
Education, training and capacity-building	39,210	22,142
Organization assessment program	12,074	99,464
Information and resource library	32,087	40,981
Annual conference	18,355	20,009
Stewardship fund program	46,043	36,496
Ontario Land Trust Assistance Program	15,059	11,081
Total remuneration during the year	<u>264,535</u>	<u>246,201</u>