

Lake Simcoe Region Conservation Foundation
Financial Statements
Year ended December 31, 2010

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Independent Auditor's Report

To the Members of The Lake Simcoe Conservation Foundation

We have audited the accompanying financial statements of The Lake Simcoe Conservation Foundation, which comprise the statement of financial position as at December 31, 2010, and the statement of operations and changes in net 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 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.

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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from fundraising and 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. We were unable to determine whether any adjustments might be necessary to revenues, deficiency of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible 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 The Lake Simcoe Conservation Foundation as at December 31, 2010 and the results of its operations, and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

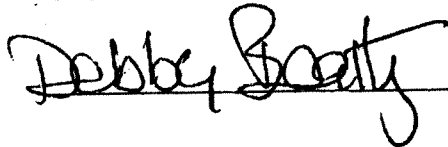
May 24, 2011
Newmarket, Ontario

The Lake Simcoe Conservation Foundation

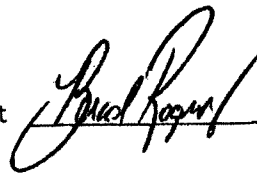
Statement of Financial Position

December 31	2010	2009
Assets		
Current		
Cash	\$ 387,507	\$ 387,334
Investments (Note 3)	100,911	101,593
Receivables	<u>18,061</u>	<u>16,676</u>
	<u>\$ 506,479</u>	<u>\$ 505,603</u>
Liabilities and Net Assets		
Current		
Payables and accruals	\$ 13,706	\$ 3,594
Due to Lake Simcoe Region Conservation Authority	85,188	27,945
Deferred Grant Revenue (Note 4)	9,493	27,044
Deferred Campaign Contributions (Note 5)	<u>353,656</u>	<u>372,249</u>
	<u>462,043</u>	<u>430,832</u>
Net Assets		
Net assets - unrestricted	<u>44,436</u>	<u>74,771</u>
	<u>\$ 506,479</u>	<u>\$ 505,603</u>

On behalf of the Board



President



Secretary/Treasurer

See accompanying notes to the financial statements.

The Lake Simcoe Conservation Foundation

Statement of Operations and Changes in Net Assets

Year Ended December 31

	2010 <u>Budget</u> (Unaudited)	2010 <u>Actual</u>	2009 <u>Actual</u>
Revenue			
Donations	\$ 22,000	\$ 300	\$ 36,500
Investment income	-	302	4,109
Fundraising events	131,750	113,196	107,498
Campaigns	267,711	338,555	324,347
Grants	<u>155,000</u>	<u>132,831</u>	<u>9,456</u>
	<u>576,461</u>	<u>585,184</u>	<u>481,910</u>
Expenses			
Administrative support and expenses	155,310	70,395	79,133
Board expenses	100	199	100
Professional fees	3,100	4,502	3,090
Campaign and marketing expenses	69,000	68,149	49,769
Fundraising events	-	163,554	123,301
	<u>227,510</u>	<u>306,799</u>	<u>255,393</u>
Net revenue before transfers	348,951	278,385	226,517
Transfers to Lake Simcoe Region Conservation Authority for Remedial projects	<u>-</u>	<u>308,720</u>	<u>265,000</u>
Deficiency of revenue over expenses	<u>\$ 348,951</u>	(30,335)	(38,483)
Net assets, beginning of year		<u>74,771</u>	<u>113,254</u>
Net assets, end of year		<u>\$ 44,436</u>	<u>\$ 74,771</u>

See accompanying notes to the financial statements.

The Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2010

1. Nature of operations

The Lake Simcoe Conservation Foundation, formerly known as Lake Simcoe Region Conservation Foundation, (the "Foundation") was incorporated in October 1973 to aid the Lake Simcoe Region Conservation Authority ("LSRCA") by raising funds and serving as custodian of donations, endowment funds and gifts for conservation and environmental purposes. The Foundation is a non-profit organization and is not subject to income taxes under the Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The most significant accounting policies are as follows:

Revenue recognition

The Foundation 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. Investment income is recognized as revenue when earned.

Contributed goods and services

The Foundation derives significant benefit from goods and services donated by volunteers. Since these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

Financial instruments - recognition and measurement

The Foundation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Foundation's accounting policy for each category is as follows:

Assets or liabilities held for trading

Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred.

Cash and investments have been classified as held-for-trading.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

The Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2010

2. Summary of significant accounting policies - continued

Receivables have been classified as loans and receivables. Payables and accruals and due to The Lake Simcoe Conservation Authority have been classified as other financial liabilities.

All transactions related to financial instruments are recorded on a settlement date basis.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The principal estimates used in the preparation of these financial statements include the useful life and valuation of significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Allocations of expenses

The Foundation allocates Human Resources Costs based on the time spent by staff for administration, promotional material, fundraising events and Board.

Statement of cash flows

A statement of cash flows is not presented as it would not provide any additional meaningful information to the reader.

New accounting pronouncements

Below are recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Foundation. The Foundation is currently assessing the impact of these changes.

Future for Not-for-Profit Organizations (NPO)

In October 2009, the Accounting Standards Board (AcSB) decided that it will propose a choice between the accounting standards for Private Enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. Effective December 2010, the AcSB issued new accounting standards for Not-for-Profit Organizations. First-time adoption of this new standard is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. When the end of a not-for-profit organization's annual reporting period does not coincide with the end of a calendar year, the mandatory date for first-time adoption of this new standard is the beginning of the annual reporting period that commences on or after December 21, 2011. These standards may be adopted for fiscal years beginning prior to the above dates.

The Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2010

3. Financial instruments

The fair values of cash, short term investments, receivables, payables and accruals, and due to Lake Simcoe Region Conservation Authority and deferred contribution approximate their carrying value because of the short term to their expected realization or settlement.

The Foundation's investments are classified as held-for-trading investments. As at December 31, 2010, they consist of guaranteed investment certificates as set out below:

	<u>Market Value</u>
Guaranteed investment certificates, bearing interest at the rate of .55%	\$ 100,911

Included in cash is the following:

	<u>Market Value</u>
Common shares	\$ 21,450
Mutual funds	<u>1,012</u>
	<u>\$ 22,462</u>

4. Deferred grant revenue

Deferred grant revenue consists of funds held for the following projects:

	<u>2010</u>	<u>2009</u>
Friends of Scanlon (Ontario Trillium Foundation)	\$ 9,493	\$ 25,544
Prepaid sponsorship - 2010 Conservation Dinner	<u>-</u>	<u>1,500</u>
	<u>\$ 9,493</u>	<u>\$ 27,044</u>

The Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2010

5. Deferred campaign contributions

The Foundation raises funds through campaign contributions for specific aspects of conservation. The following summary reports the activity related to each of these conservation purposes for the year:

	January 1, 2010	Net Campaign Contributions	Transfer to LSRCA	Transfers to Income	Balance December 31, 2010
<i>Land Acquisition</i>	\$ 1,795	\$ -	\$ -	\$ -	\$ 1,795
Protection	1,795	-	-	-	1,795
<i>Keeping Kids in Conservation</i>	1,207	-	-	1,050	157
<i>Research</i>	404	-	-	-	404
<i>Friends of Scanlon</i>	-	71,988	61,500	10,488	-
<i>Bird Banding</i>	-	11,141	10,652	-	489
Education	1,611	83,129	72,152	11,538	1,050
<i>Opening the Door to the Environment</i>	3,695	-	3,695	-	-
<i>Greening the Greenspace</i>	1,656	-	1,656	-	-
<i>Holland Marsh Project</i>	105,233	-	94,649	-	10,584
<i>East Holland Subwater Restoration</i>	118,353	65,240	136,568	-	47,025
		7,631	-	4,597	3,034
Restoration	228,937	72,871	236,568	4,597	60,643
<i>Lake Simcoe Fund</i>	139,906	150,262	-	-	290,168
General	139,906	150,262	-	-	290,168
	\$ <u>372,249</u>	\$ <u>306,262</u>	\$ <u>308,720</u>	\$ <u>16,135</u>	<u>353,656</u>

A detailed description of each deferred contribution category is available from the Foundation.

6. Expense allocation

Wages and benefits are allocated between administration, promotional material, fundraising events, and Board, based on the time spent by staff in each of these categories. The allocation is as follows:

	<u>2010</u>	<u>2009</u>
Administration	\$ 42,547	\$ 41,749
Promotional materials	41,983	34,622
Fundraising events	127,042	90,121
Board expenses	<u>5,725</u>	<u>4,295</u>
Total	\$ <u>217,297</u>	\$ <u>170,787</u>

The Lake Simcoe Conservation Foundation

Notes to the Financial Statements

December 31, 2010

7. Related party transactions

The Lake Simcoe Region Conservation Authority exercises economic interest over the Foundation as the Foundation was established to raise funds and obtain resources for the exclusive use of the Authority. During the year, the Foundation contributed \$308,720 (2009 - \$265,000) towards projects in the Authority. Additionally, the Authority received from the Foundation \$216,098 (2009 - \$178,337) for expense reimbursement of Foundation related expenses.

8. Comparative information

Certain comparative amounts have been reclassified to conform with the financial statement presentation in the current year. The comparative information was reported on by another firm of chartered accountants.

9. Capital purchases

The Lake Simcoe Region Conservation Foundation made a capital asset purchase in 2010 of \$4,524 (2009 - \$0).

10. Capital disclosure

The capital structure of the Foundation consists of net assets - unrestricted. The Foundation's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide the appropriate level of benefits and services to its members and stakeholders.
