

**The Bruce Trail Conservancy**

**Financial Statements**

**Year Ended June 30, 2010**

**PETTINELLI, MASTROLUISI LLP**  
**CHARTERED ACCOUNTANTS**

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August 18, 2010

**Auditors' Report**

To the Members of The Bruce Trail Conservancy

We have audited the balance sheet of The Bruce Trail Conservancy as at June 30, 2010 and the statements of revenue and expenses and fund balance of the Land Conservation Fund, Land Acquisition Fund, Life Membership Fund and Endowment Fund and the statement of cash flows and related combined schedule of revenue and expenses and fund balances for the year then ended. These financial statements are the responsibility of the Conservancy's Board of Directors. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Conservancy's Board of Directors, as well as evaluating the overall financial statement presentation.

In common with most charitable organizations, The Bruce Trail Conservancy derives a portion of its revenue from donations which, by their nature, are not susceptible to complete audit verification. Accordingly our verification of revenue from these sources was limited to the amounts recorded in the Conservancy's records.

In our opinion, except for the effect of adjustments, if any, had donations been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of The Bruce Trail Conservancy as at June 30, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Pettinelli, Mastroluisi LLP*

Chartered Accountants  
Licensed Public Accountants

Hamilton, Ontario

**THE BRUCE TRAIL CONSERVANCY – HAMILTON, ONTARIO**  
**FINANCIAL STATEMENTS – YEAR ENDED JUNE 30, 2010**

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# The Bruce Trail Conservancy

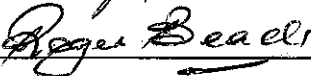
## Balance Sheet

## STATEMENT A

	June 30	
	2010	2009
<b>Assets</b>		
Current assets		
Cash and short-term investments	\$ 476,408	\$ 329,380
Accounts receivable	61,045	24,158
Inventory	101,783	43,928
Prepays and deposits	<u>5,525</u>	<u>73,850</u>
	644,761	471,316
Furniture, fixtures and equipment (Note 3)	45,175	21,361
Restricted cash and marketable securities - Endowment Fund (Note 4)	1,214,438	781,555
Restricted assets - Land Acquisition Fund		
Cash and short-term investments	234,308	185,306
Land and other assets (Notes 5 and 6)	<u>6,349,657</u>	<u>5,450,784</u>
	<u>6,583,965</u>	<u>5,636,090</u>
	<u>\$ 8,488,339</u>	<u>\$ 6,910,322</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 73,477	\$ 56,236
Deferred revenue - Grants	36,003	446
- Memberships (Note 7)	57,154	47,792
Mortgage payable - current (Note 8)	<u>90,000</u>	<u>90,000</u>
	256,634	194,474
Deferred revenue - Memberships (Note 7)	28,796	21,418
Mortgage payable (Note 8)	90,000	180,000
<b>Fund Balances</b>		
Land Conservation Fund (Statement B) (Note 9)	350,622	232,057
Land Acquisition Fund (Statement C)	6,403,965	5,366,090
Life Membership Fund (Statement D)	143,884	134,728
Endowment Fund (Statement E)	<u>1,214,438</u>	<u>781,555</u>
	<u>8,112,909</u>	<u>6,514,430</u>
	<u>\$ 8,488,339</u>	<u>\$ 6,910,322</u>

APPROVED BY THE BOARD:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

# The Bruce Trail Conservancy

## Statement of Revenue and Expenses and Fund Balance

### Land Conservation Fund

### STATEMENT B

	Year Ended June 30	
	2010	2009
Revenue		
Donations - cash	\$ 404,264	\$ 368,388
Membership dues	398,257	379,341
Grants	129,606	132,987
Bruce Trail Enterprises net earnings (Note 10)	50,864	94,371
Interest income	619	5,663
Sundry income	18,407	3,669
Sponsorship	115,765	62,226
	<u>1,117,782</u>	<u>1,046,645</u>
Expenses		
Administrative salaries and benefits	140,207	128,601
Fundraising	63,185	61,526
Membership services	143,899	141,506
Clubs' share of fees	95,271	91,772
Ontario Trillium Fund program	88,491	98,068
Bruce Trail Magazine	80,257	83,460
Land stewardship	115,778	123,739
Public outreach and communication	95,621	66,405
Other committee and meeting expenses	38,141	40,915
Trail development and maintenance	32,211	23,623
Insurance	26,559	24,776
Property taxes and land management	23,692	27,025
Office printing, supplies and postage	8,741	10,050
Amortization	7,180	7,489
Volunteer management	34,174	11,779
Club assistance	17,415	59,450
Bank and credit card service charges	20,803	17,751
Rent, utilities and maintenance	7,371	6,093
Computer and internet	13,101	13,275
Annual general meeting	9,960	7,975
Equipment rental and maintenance	7,874	7,867
Professional fees	6,888	6,406
Landowner relations	1,831	1,679
Non-recoverable GST	3,938	4,423
Allocation of overhead costs	(83,371)	(78,745)
	<u>999,217</u>	<u>986,908</u>
Excess of revenue over expenses for the year	118,565	59,737
Fund balance at beginning of the year	<u>232,057</u>	<u>172,320</u>
Fund balance at end of the year (Note 9)	<u>\$ 350,622</u>	<u>\$ 232,057</u>

# The Bruce Trail Conservancy

## Statement of Revenue and Expenses and Fund Balance

### Land Acquisition Fund

### STATEMENT C

	Year Ended June 30	
	2010	2009
Revenue		
Donations - cash	\$ 1,219,249	\$ 1,253,555
Donations - property	331,896	67,400
Grants	871,771	390,150
Interest income	754	5,045
	<u>2,423,670</u>	<u>1,716,150</u>
Expenses		
Property acquisition costs	722,283	463,998
Fundraising	165,699	147,769
Land securement	111,259	132,546
Amortization	23,463	23,463
Allocation of overhead costs	83,371	78,745
	<u>1,106,075</u>	<u>846,521</u>
Excess of revenue over expenses for the year	1,317,595	869,629
Fund balance at beginning of the year	<u>5,366,090</u>	<u>4,780,061</u>
	6,683,685	5,649,690
Land transfers to other agencies (Note 6)	<u>(279,720)</u>	<u>(283,600)</u>
Fund balance at end of the year	<u>\$ 6,403,965</u>	<u>\$ 5,366,090</u>
Land and other assets (Note 5)	\$ 6,349,657	\$ 5,450,784
Cash and short-term investments	234,308	185,306
Less: Mortgage payable (Note 8)	<u>(180,000)</u>	<u>(270,000)</u>
	<u>\$ 6,403,965</u>	<u>\$ 5,366,090</u>

# The Bruce Trail Conservancy

## Statement of Revenue and Expenses and Fund Balance

### Life Membership Fund

### STATEMENT D

	Year Ended June 30	
	2010	2009
Revenue		
Membership fees	\$ 12,000	\$ 12,000
Expenses		
Clubs' share of fees	2,376	2,255
The Bruce Trail Conservancy share of fees	<u>468</u>	<u>468</u>
	<u>2,844</u>	<u>2,723</u>
Excess of revenue over expenses for the year	9,156	9,277
Fund balance at beginning of the year	<u>134,728</u>	<u>125,451</u>
Fund balance at end of the year	<u>\$ 143,884</u>	<u>\$ 134,728</u>

# The Bruce Trail Conservancy

## Statement of Revenue and Expenses and Fund Balance

### Endowment Fund

### STATEMENT E

	Year Ended June 30	
	2010	2009
Revenue		
Investment income	\$ 25,295	\$ 14,705
Expenses		
Management fees	<u>2,596</u>	<u>-</u>
Excess of revenue over expenses for the year	22,699	14,705
Fund balance at beginning of the year	<u>781,555</u>	<u>723,953</u>
	804,254	738,658
Bequests and donations	401,816	42,897
Unrealized gains from investment portfolio	<u>8,368</u>	<u>-</u>
	<u>410,184</u>	<u>42,897</u>
Fund balance at end of the year (Note 4)	<u>\$ 1,214,438</u>	<u>\$ 781,555</u>



# The Bruce Trail Conservancy

## Statement of Cash Flows

## STATEMENT F

	Year Ended June 30	
	2010	2009
<b>Operating activities</b>		
Excess of revenue over expenses for the year		
Land Conservation Fund (Statement B)	\$ 118,565	\$ 59,737
Land Acquisition Fund (Statement C)	1,317,595	869,629
Life Membership Fund (Statement D)	9,156	9,277
Endowment Fund (Statement E)	22,699	14,705
Items not involving cash		
Amortization	<u>30,643</u>	<u>30,952</u>
	1,498,658	984,300
Net change in non-cash working capital balances related to operations (Note 11)	<u>35,743</u>	<u>(101,862)</u>
Cash flow from operations	<u>1,534,401</u>	<u>882,438</u>
<b>Financing activities</b>		
Bequests and donations - Endowment Fund	401,816	42,897
Unrealized gains from investments - Endowment Fund	8,368	-
Deferred revenue - Memberships (long-term)	7,378	234
Mortgage repayment	<u>(90,000)</u>	<u>(90,000)</u>
	<u>327,562</u>	<u>(46,869)</u>
<b>Investing activities</b>		
Purchase of furniture, fixtures and equipment	(30,994)	(2,668)
Proceeds from sale of excess land	95,000	-
Acquisition of land and buildings	<u>(1,297,056)</u>	<u>(929,496)</u>
	<u>(1,233,050)</u>	<u>(932,164)</u>
Increase (decrease) in cash and investments during the year	628,913	(96,595)
Cash and investments at beginning of the year	<u>1,296,241</u>	<u>1,392,836</u>
Cash and investments at end of the year	<u>\$ 1,925,154</u>	<u>\$ 1,296,241</u>
<b>Cash and investments comprise</b>		
Cash and short-term investments	\$ 476,408	\$ 329,380
Restricted cash and marketable securities - Endowment Fund (Note 4)	1,214,438	781,555
Restricted cash and short-term investments - Land Acquisition Fund	<u>234,308</u>	<u>185,306</u>
	<u>\$ 1,925,154</u>	<u>\$ 1,296,241</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2010

STATEMENT G

### 1. Background

The Bruce Trail Conservancy is a charitable organization committed to establishing a conservation corridor containing a public footpath along the Niagara Escarpment, in order to protect its natural ecosystems and to promote environmentally responsible public access to this UNESCO World Biosphere Reserve. Prior to its name change on October 23, 2007, the Conservancy was known as The Bruce Trail Association.

The Bruce Trail Conservancy was incorporated on March 13, 1963 under Ontario Letters Patent and is exempt from income tax as a registered charity.

### 2. Significant accounting policies

The financial statements include the following significant policies:

#### Use of Estimates

The financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates.

#### Inventory

Inventory is valued at the lower of cost and net realizable value.

#### Furniture, fixtures, equipment and buildings

Furniture, fixtures, equipment and buildings are stated at cost. Amortization is based on the estimated useful lives of these assets and is computed using the following annual rates and methods:

Furniture, fixtures and equipment	20% Declining balance
Computer equipment	30% Declining balance
Sundry	20% Declining balance
Buildings	30 years Straight line
Pedestrian bridge	40 years Straight line

In the year of acquisition, furniture, fixtures, equipment and buildings are amortized at one-half of their normal rates. Land and easements are not amortized.

Expenditures for maintenance and repairs are charged to income.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2010

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### Financial instruments

Financial instruments are recorded on the balance sheet at fair value and are classified as held-for-trading.

The fair values of cash, short-term investments, accounts receivable, inventory, prepaids and deposits, accounts payable and accrued liabilities and deferred revenue are believed to approximate their carrying amounts because of their short-term to maturity.

It is management's opinion that the Conservancy is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Endowment Fund has investments in marketable securities, including stocks and long-term bonds. The value of these investments is exposed to general market risk and interest rate risk.

### Revenue recognition

The Conservancy 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 reported as direct increases in the fund balance of the Endowment Fund when received.

### Donated services

The work of the Conservancy is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Conservancy and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

### Fund Description

#### Land Conservation Fund

The Land Conservation Fund is responsible for the management and stewardship of properties along the Bruce Trail. Revenue and expenses related to program delivery and administrative activities are also reported in the Land Conservation Fund.

#### Land Acquisition Fund

The Land Acquisition Fund supports the acquisition of new properties along the Bruce Trail.

#### Life Membership Fund

A Life Membership category exists for a fee of \$1,000 (2009 - \$1,000) whereby for each such membership, an amount of \$11 is returned annually to the home club of the life member.

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2010

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### Endowment Fund

The Endowment Fund was created in June 1995 to hold certain funds that were contributed to The Bruce Trail Conservancy as bequests or designated donations. Investment income earned by the fund may be distributed annually as determined by the Board of Directors.

### 3. Furniture, fixtures and equipment

	June 30			
	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Furniture, fixtures and equipment	\$ 30,425	\$ 25,768	\$ 4,657	\$ 5,132
Computer equipment	144,787	106,005	38,782	14,271
Sundry	3,041	1,305	1,736	1,958
	<u>\$ 178,253</u>	<u>\$ 133,078</u>	<u>\$ 45,175</u>	<u>\$ 21,361</u>

### 4. Restricted cash and short-term investments – Endowment Fund

The Endowment Fund held cash and marketable securities in the amount of \$1,214,438 (\$781,555 in 2009). The use of these funds is restricted to those purposes as determined periodically by the Board of Directors.

### 5. Restricted assets – Land Acquisition Fund

As at June 30, 2010, the Conservancy, through the Land Acquisition Fund, owned 44 properties (39 properties in 2009) and other capital assets as follows:

	June 30			
	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Land and easements	\$ 5,630,790	\$ -	\$ 5,630,790	\$ 4,708,454
Buildings	420,000	56,000	364,000	378,000
Pedestrian bridge	378,525	23,658	354,867	364,330
	<u>\$ 6,429,315</u>	<u>\$ 79,658</u>	<u>\$ 6,349,657</u>	<u>\$ 5,450,784</u>

# The Bruce Trail Conservancy

## Notes to Financial Statements

June 30, 2010

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### 6. Property transfers to outside agencies

Since 1998, the Conservancy has transferred ownership of some of its properties to outside agencies including the Ontario Heritage Trust (formerly the Ontario Heritage Foundation), Conservation Authorities and the Ministry of Natural Resources (Ontario Parks). In most cases, the Conservancy remains responsible for ongoing property maintenance and stewardship activities. Some properties currently registered in the name of the Conservancy may be transferred to appropriate agencies in the future. These property transfers, when completed, will reduce the recorded value of the Conservancy's property holdings.

### 7. Deferred revenue – memberships

The Conservancy records one-third of three year membership dues as revenue in the year of receipt. The remaining two-thirds of these membership dues are deferred and recognized as membership revenue in the second and third years of the membership term.

### 8. Mortgage payable

The mortgage is payable in two annual installments of \$90,000, due on May 30, 2011 and 2012. The mortgage is non-interest bearing and is secured by real property owned by the Conservancy.

### 9. Land Conservation Fund – Board reserves

The Board of Directors has directed that \$0 and \$20,000 (\$30,000 and \$29,737 in 2009) of the Land Conservation Fund's equity balance be reserved for a new management information system and a head office relocation reserve. The Board's cumulative reserves are as follows:

	June 30	
	2010	2009
Management information system	\$ 30,000	\$ 30,000
Head office relocation	49,737	29,737
	<u>\$ 79,737</u>	<u>\$ 59,737</u>

### 10. Bruce Trail Enterprises

The Conservancy, through Bruce Trail Enterprises, purchases and resells guidebooks, calendars, clothing and other merchandise as part of its operations. Gross merchandise sales were \$87,065 in 2010 (\$169,769 in 2009) and net earnings after cost of sales and other expenses were \$50,864 in 2010 (\$94,371 in 2009).

### 11. Statement of cash flows

The net change in non-cash working capital balances represents the net change in accounts receivable, inventory, prepaids and deposits, accounts payable and accrued liabilities and the current portion of deferred revenue.

# The Bruce Trail Conservancy

## Combined Schedule of Revenue and Expenses and Fund Balances

For the Year Ended June 30, 2010

Statement H

	Land Conservation Fund	Land Acquisition Fund	Life Membership Fund	Endowment Fund	Fiscal 2010 Combined Total	Fiscal 2009 Combined Total
<b>Revenue</b>						
Donations - cash	\$ 404,264	\$ 1,219,249	\$ -	\$ -	\$ 1,623,513	\$ 1,621,943
Donations - property	-	331,896	-	-	331,896	67,400
Membership dues	398,257	-	11,532	-	409,789	390,873
BTE net earnings	50,864	-	-	-	50,864	94,371
Grants	129,606	871,771	-	-	1,001,377	523,137
Sponsorship	115,765	-	-	-	115,765	62,226
Investment income	619	754	-	22,699	24,072	25,413
Sundry income	18,407	-	-	-	18,407	3,669
	<u>1,117,782</u>	<u>2,423,670</u>	<u>11,532</u>	<u>22,699</u>	<u>3,575,683</u>	<u>2,789,032</u>
<b>Expenses</b>						
Administrative salaries and benefits	140,207	-	-	-	140,207	128,601
Fundraising	63,185	165,699	-	-	228,884	209,295
Membership services	143,899	-	-	-	143,899	141,506
Clubs' share of fees	95,271	-	2,376	-	97,647	94,027
Ontario Trillium Fund program	88,491	-	-	-	88,491	98,068
Bruce Trail Magazine	80,257	-	-	-	80,257	83,460
Property acquisition costs	-	722,283	-	-	722,283	463,998
Land securement	-	111,259	-	-	111,259	132,546
Land stewardship	115,778	-	-	-	115,778	123,739
Public outreach and communication	95,621	-	-	-	95,621	66,405
Other committee and meeting expenses	38,141	-	-	-	38,141	40,915
Trail development and maintenance	32,211	-	-	-	32,211	23,623
Insurance	26,559	-	-	-	26,559	24,776
Property taxes and land management	23,692	-	-	-	23,692	27,025
Office printing, supplies and postage	8,741	-	-	-	8,741	10,050
Amortization	7,180	23,463	-	-	30,643	30,952
Volunteer management	34,174	-	-	-	34,174	11,779
Club assistance	17,415	-	-	-	17,415	59,450
Bank and credit card service charges	20,803	-	-	-	20,803	17,751
Rent, utilities and maintenance	7,371	-	-	-	7,371	6,093
Computer and internet expense	13,101	-	-	-	13,101	13,275
Annual general meeting	9,960	-	-	-	9,960	7,975
Equipment rental and maintenance	7,874	-	-	-	7,874	7,867
Professional fees	6,888	-	-	-	6,888	6,406
Landowner relations	1,831	-	-	-	1,831	1,679
Non-recoverable GST	3,938	-	-	-	3,938	4,423
Allocation of overhead costs	(83,371)	83,371	-	-	-	-
	<u>999,217</u>	<u>1,106,075</u>	<u>2,376</u>	<u>-</u>	<u>2,107,668</u>	<u>1,835,684</u>
Excess of revenue over expenses	118,565	1,317,595	9,156	22,699	1,468,015	953,348
Fund balances at beginning of the year	232,057	5,366,090	134,728	781,555	6,514,430	5,801,785
	<u>350,622</u>	<u>6,683,685</u>	<u>143,884</u>	<u>804,254</u>	<u>7,982,445</u>	<u>6,755,133</u>
Bequests and donations	-	-	-	401,816	401,816	42,897
Unrealized gains from investment portfolio	-	-	-	8,368	8,368	-
Land transfers to other agencies, net	-	(279,720)	-	-	(279,720)	(283,600)
	<u>-</u>	<u>(279,720)</u>	<u>-</u>	<u>410,184</u>	<u>130,464</u>	<u>(240,703)</u>
Fund balances at end of the year	\$ 350,622	\$ 6,403,965	\$ 143,884	\$ 1,214,438	\$ 8,112,909	\$ 6,514,430