

**South Nation River
Conservation Authority
Financial Statements
For the year ended December 31, 2006**

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Auditors' Report

**To the Members of
South Nation River Conservation Authority**

We have audited the statement of financial position of South Nation River Conservation Authority as at December 31, 2006 and the statements of operations and continuity of reserves for the year then ended. These financial statements have been prepared in accordance with accounting policies prescribed for Conservation Authorities in Ontario by the Ministry of Natural Resources. These financial statements are the responsibility of the Conservation Authority's management. 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Conservation Authority as at December 31, 2006 and the results of its operations for the year then ended in accordance with the basis of accounting described in the Summary of Significant Accounting Policies accompanying the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Members of the Authority, the participating municipalities and the Ontario Ministry of Natural Resources. The financial statements are not intended to be and should not be used by anyone other than the specified users, or for any other purpose.



Chartered Accountants, Licensed Public Accountants

Winchester, Ontario
February 19, 2007

South Nation River Conservation Authority
Statement of Financial Position

December 31	2006	2005
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Assets

Cash (Note 2)	\$ 731,897	\$ 690,697
Accounts receivable	617,653	385,412
Prepaid expenses	39,973	66,892
	\$ 1,389,523	\$ 1,143,001

Liabilities and Equity

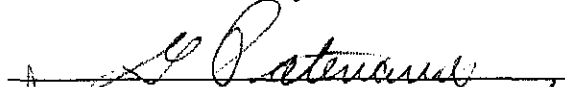
Liabilities

Accounts payable and accrued charges	\$ 287,446	\$ 357,508
Deferred revenue	346,882	109,749
	634,328	467,257

Equity

Reserves	736,625	655,900
Surplus	18,570	19,844
	755,195	675,744
	\$ 1,389,523	\$ 1,143,001

On behalf of the Authority:

 Chairman

 General Manager/Secretary-Treasurer

South Nation River Conservation Authority
Statement of Continuity of Reserves

For the year ended December 31, 2006	Balance Beginning of Year	From Operations	To Operations	Balance End of Year
Operations - general	\$ 161,963	68,934	-	\$ 230,897
Operations - septic	37,747	-	45,255	(7,508)
Operations - Workplace Safety & Insurance Board	6,001	-	-	6,001
Operations - Dr. Jackson	3,200	-	-	3,200
Operations - donations	82,014	10,455	-	92,469
Replacement of vehicles and equipment	14,850	-	-	14,850
Land acquisition	25,000	-	-	25,000
Capital projects	89,661	40,000	-	129,661
Revenue sharing (Note 3.a.)	166,693	5,834	-	172,527
School programs (Note 3.b.)	4,101	-	247	3,854
Land acquisition - forestry (Note 4)	36,411	1,275	-	37,686
Memorial fund (Note 3.b.)	17,129	2,229	-	19,358
McIntosh Park	11,130	-	2,500	8,630
	<u>\$ 655,900</u>	<u>\$ 128,727</u>	<u>\$ 48,002</u>	<u>\$ 736,625</u>
December 31, 2005	\$ 671,555	\$ 66,532	\$ 82,187	\$ 655,900

South Nation River Conservation Authority

Statement of Operations

For the year ended December 31	2006 Budget	2006 Actual
Revenue		
Municipal levy	\$ 1,729,322	\$ 1,729,322
M.N.R. (Section 39)	176,409	176,409
Other	2,447,483	2,509,381
	<u>4,353,214</u>	<u>4,415,112</u>
Expenditure		
Administration	465,237	484,322
Communications	129,799	107,044
Conservation programs	1,239,109	1,236,216
Finance	228,303	246,956
Lands management	780,797	551,588
Planning and engineering	999,911	943,812
Source water protection	560,048	765,723
	<u>4,403,204</u>	<u>4,335,661</u>
Excess (deficiency) of revenue over expenditure	(49,990)	79,451
Surplus, beginning of year	19,844	19,844
Net appropriations from (to) reserves	<u>30,146</u>	<u>(80,725)</u>
Surplus, end of year	\$ -	\$ 18,570

South Nation River Conservation Authority

Summary of Significant Accounting Policies

December 31, 2006

Nature of Business	The Authority is established under the Conservation Authorities Act - Ontario. It acts as the agent for water and land conservation and management for its member municipalities. The Authority is a registered charity and, as such, is exempt from income tax and may issue tax receipts to donors.
Significant Accounting Policies	The financial statements of the Authority are the representations of management prepared in accordance with accounting policies prescribed for Conservation Authorities in Ontario by the Ministry of Natural Resources. Revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable and an expenditure is recognized when incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.
Revenue Recognition (Deferral Method)	The Authority follows the deferral method of accounting for contributions. Government assistance is recorded as revenue when eligible claims are determined and the expenditure incurred. Levies on member municipalities are recorded after Board of Directors' approval and recorded as revenue in the year levied. When revenue from special programs is received in advance of the related expenditure, such revenue is deferred until the year in which the expenditure is incurred.
Capital Assets	The historical cost and accumulated amortization for capital assets are not recorded for financial statement purposes. Capital assets are reported as expenditures on the statement of operations in the year of acquisition and include acquisitions of land, building improvements, equipment, vehicles and furniture and fixtures.
Financial Instruments	The Authority's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

South Nation River Conservation Authority

Summary of Significant Accounting Policies

December 31, 2006

Use of Estimates

Since precise determination of many assets and liabilities is dependant upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and assumptions. These have been made using careful judgments. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

South Nation River Conservation Authority

Notes to Financial Statements

December 31, 2006

1. Budget Amounts

Budget amounts presented in the statement of operations are those approved at the Board of Directors' Meeting of March 2, 2006.

2. Cash and Bank

The Authority's bank account is held at a chartered bank. The bank account earns interest at prime less 1.85% to prime less 1.95%.

3. Reserves

a. Revenue Sharing

In accordance with the Ministry of Natural Resources Revenue Sharing Policy, \$5,834 (2005 - \$3,907) of interest received during the year has been transferred to the revenue sharing reserve.

b. School Programs and Memorial Fund

These reserves were established in 1998 to receive specified donations that are used to fund the School Programs and the Memorial Fund.

4. Commitments

Under the Forestry Act, the Authority may be liable to the Ministry of Natural Resources for an amount not greater than 50% of the proceeds from sale of lands for which acquisition grants were received from the Ministry of Natural Resources.

5. Statement of Cash Flows

A statement of cash flows has not been provided since the sources and uses of cash are readily apparent from other financial statements.

6. Comparatives

Comparative amounts have not been presented in the statement of operations as they would not provide meaningful information due to departmental changes made during the year.