

**South Nation River
Conservation Authority
Financial Statements
For the year ended December 31, 2008**



Collins Barrow

Chartered Accountants

**South Nation River
Conservation Authority
Financial Statements
For the year ended December 31, 2008**

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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, 2008 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, 2008 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.

Collins Barrow Winchester

Chartered Accountants, Licensed Public Accountants

Winchester, Ontario
March 2, 2009

South Nation River Conservation Authority

Statement of Financial Position

December 31, 2008 2008 2007

Assets

Current

Cash (Note 3)	\$ 905,288	\$ 808,247
Accounts receivable	564,955	869,735
Prepaid expenses	30,985	21,355
Deposit on building (Note 4)	-	111,000
	1,501,228	1,810,337

Capital assets (Note 5)

636,855	-
\$ 2,138,083	\$ 1,810,337

Liabilities and Equity

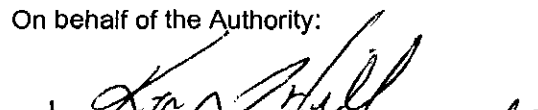
Liabilities

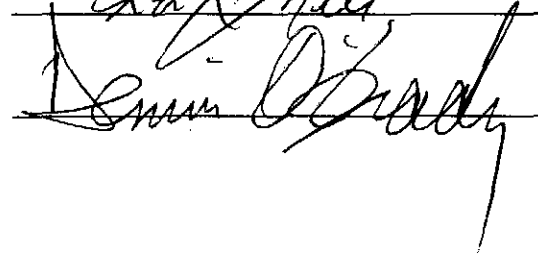
Accounts payable and accrued charges	\$ 570,329	\$ 484,561
Deferred revenue	193,864	232,916
	764,193	717,477

Equity

Reserves	1,091,058	1,010,507
Surplus	282,832	82,353
	1,373,890	1,092,860
	\$ 2,138,083	\$ 1,810,337

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, 2008	Balance Beginning of Year	From Operations	To Operations	Balance End of Year
Operations - general	\$ 348,169	\$ 5,000	\$ -	\$ 353,169
Operations - septic	3,059	7,878	-	10,937
Operations - Workplace Safety & Insurance Board	-	-	-	-
Operations - Dr. Jackson	3,200	-	-	3,200
Operations - donations	110,429	3,307	-	113,736
Replacement of vehicles and equipment	14,850	-	-	14,850
Land acquisition	25,000	-	-	25,000
Capital projects	249,661	-	-	249,661
Revenue sharing (Note 6.a.)	178,998	5,370	-	184,368
School programs (Note 6.b.)	3,632	94	-	3,726
Land acquisition - forestry (Note 7)	39,099	1,173	-	40,272
Memorial fund (Note 6.b.)	22,579	3,446	-	26,025
McIntosh Park	11,831	3,738	-	15,569
Water Control Structure	-	50,545	-	50,545
	<u>\$ 1,010,507</u>	<u>\$ 80,551</u>	<u>\$ -</u>	<u>\$ 1,091,058</u>
December 31, 2007	\$ 736,625	\$ 280,105	\$ 6,223	\$ 1,010,507

South Nation River Conservation Authority

Statement of Operations

For the year ended December 31, 2008	2008 Budget	2008 Actual	2007 Actual
Revenue			
Municipal levy	\$ 2,227,393	\$ 2,257,675	\$ 1,984,635
M.N.R. (Section 39)	176,409	207,985	190,409
Other	3,695,216	2,002,972	2,106,948
Source water protection	2,270,697	1,118,637	1,388,026
	<u>8,369,715</u>	<u>5,587,269</u>	<u>5,670,018</u>
Expenditure			
Administration	536,530	519,645	460,361
Communications	281,476	244,252	130,319
Conservation programs	2,542,853	1,639,940	1,451,538
Finance	353,967	259,535	246,285
Lands management	1,432,179	643,320	604,078
Planning and engineering	1,128,746	875,734	1,050,478
Source water protection	2,270,697	1,123,813	1,389,294
	<u>8,546,448</u>	<u>5,306,239</u>	<u>5,332,353</u>
Excess of revenue over expenditure	(176,733)	281,030	337,665
Surplus, beginning of year	82,353	82,353	18,570
Net appropriations from (to) reserves	94,380	(80,551)	(273,882)
Surplus, end of year	<u>\$ -</u>	<u>\$ 282,832</u>	<u>\$ 82,353</u>

South Nation River Conservation Authority

Summary of Significant Accounting Policies

December 31, 2008

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 prior to 2008 are not recorded for financial statement purposes. Prior to 2008, capital assets were 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. Capital assets acquired in 2008 have been recorded at cost. This change in accounting policy is the result of changes to guidelines mandated by the Members of the Authority.
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, 2008

1. Financial Instruments

The Authority's financial instruments consist of cash, accounts receivable and accounts payable and accrued charges. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant currency risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Interest Rate Risk

Interest on the Authority's bank accounts are based on variable rates. Fluctuations in the bank's prime rates would result in variations to interest income.

Credit Risk

The Authority is exposed, in its normal course of business, to credit risk from its customers. The accounts receivable are due from a variety of customers including individuals and other Conservation Authorities. A portion of the accounts totalling \$226,813 is due from Raisin River Conservation Authority. No other single party accounts for a significant balance of accounts receivable.

2. Budget Amounts

Budget amounts presented in the statement of operations are those approved at the Board of Directors' Meeting of March 20, 2008.

3. 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%.

4. Deposit on Building

The Authority entered into a contract to purchase a building for \$111,000 in 2007. The closing date was not until 2008, but the money was deposited with their solicitors. The building is being used to house the Authorities offices. The former building was sold in 2008 for \$75,000.

South Nation River Conservation Authority

Notes to Financial Statements

December 31, 2008

5. Capital Assets

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 27,340	\$ -	\$ 27,340	\$ -
Buildings	609,515	-	609,515	-
	\$ 636,855	\$ -	\$ 636,855	\$ -

6. Reserves

a. Revenue Sharing

In accordance with the Ministry of Natural Resources Revenue Sharing Policy, \$5,370 (2007-\$6,471) 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.

7. 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.

South Nation River Conservation Authority

Notes to Financial Statements

December 31, 2008

8. Credit Facilities - Royal Bank

The Authority has an authorized \$1,000,000 revolving demand facility by way of Royal Bank Prime based loans bearing interest at prime less 0.50% and Bankers' Acceptance with an acceptance fee of 0.40%.

This facility is secured by:

- a) General security agreement signed by the borrower constituting a first ranking security interest in all personal property of the borrower;
- b) Borrowing By-Law

As at December 31, 2008 \$1,000,000 remains available on this facility.

9. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

10. 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.