
Independent Auditor's Report

To The Board Of Directors And Members Of Walpole Island Land Trust

We have audited the accompanying financial statements of Walpole Island Land Trust, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets 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 accounting standards for not-for-profit organizations, 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 of our audit opinion.

**Independent Auditor's
Report cont'd....**

Basis for Qualified Opinion

Due to the nature of donations, it was not practical to extend our examination beyond testing that the amounts recorded in the books were deposited in the bank. Accordingly, we are unable to obtain sufficient appropriate audit evidence about the amount of Walpole Island Land Trust donation income for the year and consequently, we were unable to determine whether any adjustments to revenue is necessary and thus the effect it may have on the statement of operations.

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 Walpole Island Land Trust as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barras Sarnia L.L.P.

**Sarnia, Ontario
December 13, 2017**

**Chartered Professional Accountants
Licensed Public Accountants**

Walpole Island Land Trust
Statement Of Operations
For The Year Ended December 31, 2016

	2016	2015
Revenue		
Mattamy Limited	\$ -	\$ 20,000
Other donations and grants	64,239	11,774
Deferred lease revenue	<u>4,285</u>	<u>4,285</u>
	<u>68,524</u>	<u>36,059</u>
Expenditures		
Bank charges and interest	94	164
Mattamy expenditures (page 10)	-	25,611
Education activities / support	730	2,886
Land projects	56,587	491
Office and postage	176	176
Professional fees	6,652	5,260
Conservation lease	<u>4,285</u>	<u>4,285</u>
	<u>68,524</u>	<u>38,873</u>
Excess (Deficiency) Of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ (2,814)</u>

Walpole Island Land Trust
Statement Of Changes In Net Assets
For The Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Balance, Beginning	\$ 103,861	\$ 106,675
Excess (Deficiency) Of Revenue Over Expenditures	<u>-</u>	<u>(2,814)</u>
Balance, Ending	<u>\$ 103,861</u>	<u>\$ 103,861</u>

Walpole Island Land Trust
Statement of Financial Position
December 31, 2016

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 24,042	\$ 67,299
Prepaid expenses	<u>12,855</u>	<u>17,140</u>
	36,897	84,439
Land	<u>109,622</u>	<u>109,622</u>
	<u>\$ 146,519</u>	<u>\$ 194,061</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,200	\$ 3,000
Deferred revenue (note 2)	<u>26,603</u>	<u>70,060</u>
	29,803	73,060
Deferred Lease Funding (note 3)	<u>12,855</u>	<u>17,140</u>
	<u>42,658</u>	<u>90,200</u>
Net Assets	<u>103,861</u>	<u>103,861</u>
	<u>\$ 146,519</u>	<u>\$ 194,061</u>

On Behalf Of The Board

 President

 Treasurer

Walpole Island Land Trust
Statement of Cash Flows
For The Year Ended December 31, 2016

	2016	2015
Cash Provided By (Used For)		
Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ -	\$ (2,814)
Net change in non-cash working capital items affecting operations:		
Prepaid expenses	4,285	4,285
Accounts payable and accrued charges	200	-
Deferred revenue	<u>(43,457)</u>	<u>70,060</u>
	<u>(38,972)</u>	<u>71,531</u>
Financing Activities		
Deferred lease funding	<u>(4,285)</u>	<u>(4,285)</u>
Increase (Decrease) In Cash Position	(43,257)	67,246
Cash Position, Beginning	<u>67,299</u>	<u>53</u>
Cash Position, Ending	<u><u>\$ 24,042</u></u>	<u><u>\$ 67,299</u></u>

Nature Of Activities

Walpole Island Land Trust is incorporated under the Canada Not-for-profit Corporations Act as a non-profit organization. It is a Canada Revenue Agency registered charity (82255 8953-RR0001), which is exempt from Canadian income taxes. Walpole Island Land Trust is an organization whose purpose is to protect areas of ecological value in order to ensure the protection of plants and animals and to maintain ecological systems for the benefit of the current and future generations.

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

Revenue from contributions is recognized using the deferral method. Under this method, restricted contributions and investment income are recognized in the period the related expenses are incurred or the restrictions are met.

Unrestricted revenue is recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. However, to the extent revenue is for services rendered, such revenue is recognized at the time services are provided.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term deposits with initial maturity terms equal to or less than 90 days.

Financial Instruments

The organization initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. The organization subsequently measures all its financial instruments at amortized cost. Financial instruments measured at amortized cost include cash, accounts payable and accrued liabilities, and deferred revenue.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any writedown, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

Use Of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions 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 year. Actual results could differ from those estimates. The significant estimates are the estimates for accounts payable and accrued liabilities.

Notes continued on page 8....

Walpole Island Land Trust
Notes To Financial Statements
December 31, 2016

2. Deferred Revenue **2016** **2015**

This balance represents funds received for which the related expenditure has not yet been made and consists of the following:

East Lake St. Clair Wind LP	\$ 11,828	\$ 30,000
ERIEAU Wind LP	5,916	15,000
Pointe-Aux-Roches Wind LP	8,859	25,000
Other	<u> </u>	<u> 60</u>
	\$ <u>26,603</u>	\$ <u>70,060</u>

3. Deferred Lease Funding

The Walpole Island Land Trust entered into a lease for a parcel of land. The lease expires November 2019. The total lease was paid in advance as funding was made available to do so. The annual cost of \$4,285 will be expensed in the period associated with the expenditure. Funding totaling \$42,850 has been obtained, with the restriction from the contributor that it be used to pay the lease costs for this parcel of land. This donation will be recognized in revenue in the same period as the associated lease expense in the amount of \$4,285.

	2016	2015
Balance of Deferred Lease Funding	\$ <u>12,855</u>	\$ <u>17,140</u>

4. Financial Instruments Risks Disclosures

The main risks the organization's financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

The organization is exposed to credit risk in the event of non-payment by their contributors in relation to their signed funding agreements. The organization believes there is minimal risk associated with these amounts as all funding agreements are received as scheduled with no outstanding balances at year end.

Liquidity Risk

Liquidity risk relates to the risk the organization will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Notes continued on page 9....

4. Financial Instruments Risks Disclosures cont'd...

Market Risk (Price Risk)

Market risk is the risk that changes in market prices and interest rates will affect the organization's net assets or the value of financial instruments. These risks are generally outside the control of the organization. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization's financial instruments are all in Canadian dollars and consequently the organization has no currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is not exposed to interest rate risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

There have been no significant changes to the risk exposures from the prior year.

**Walpole Island Land Trust
 Supplementary Financial Information
 For The Year Ended December 31, 2016**

Statement of Operations - Mattamy Limited Expenditures **2016** **2015**

Expenditures		
Habitat Restoration	\$ -	\$ 20,000
Land project - snake basking sites	-	5,012
Marketing, promotion, advertising	<u>-</u>	<u>599</u>
 Total Mattamy Limited Expenditures	 <u>\$ -</u>	 <u>\$ 25,611</u>