

**HENEY LAKE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**MAY 31, 2009**

**SUMMARY**

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## AUDITORS' REPORT

To the members of  
HENEY LAKE FOUNDATION

We have audited the balance sheet of HENEY LAKE FOUNDATION as at May 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation'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 Foundation as at May 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Dumoulin Ethier Lacroix CA Inc.*

By

*Michel Lacroix, CA auditor*

Michel Lacroix, CA auditor

Maniwaki, Québec  
July 31, 2009

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# HENEY LAKE FOUNDATION

## OPERATIONS

FOR THE PERIOD ENDED MAY 31, 2009

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	2009	2008
<b>Income</b>		
Amortization of deferred contribution arising from a class action	\$ 235,051	\$ 2,172,163
Interest on investments	63,552	78,044
	<b>298,603</b>	<b>2,250,207</b>
<b>Expenditures</b>		
<b>Restoration measures according to article 1.2 of the agreement</b>		
Rehabilitation and research contracts	234,523	2,159,498
Project management	381	1,125
Insurance	-	10,800
Office, communications and travel	147	740
	<b>235,051</b>	<b>2,172,163</b>
<b>Operation</b>		
Professional fees	10,318	6,039
Insurance	3,829	3,829
Office, communications and travel	179	65
Bank charges	90	115
	<b>14,416</b>	<b>10,048</b>
	<b>249,467</b>	<b>2,182,211</b>
<b>Excess of income over expenditures</b>	<b>\$ 49,136</b>	<b>\$ 67,996</b>

The accompanying notes are an integral part of these financial statements



Dumoulin Ethier Lacroix CA Inc.

**HENEY LAKE FOUNDATION**  
**CHANGES IN NET ASSETS**  
**FOR THE PERIOD ENDED MAY 31, 2009**

	2009			2008
	Appropriated for future legal fees	Unappro- priated	Total	Total
<b>Balance, beginning of year</b>	\$ 150,000	\$ 1,266,591	\$ 1,416,591	\$ 1,299,172
Excess of income over expenses	-	49,136	49,136	67,996
Variations of unrealized gains on the financial assets available-for-sale during the year	-	(16,539)	(16,539)	49,423
<b>Balance, end of year</b>	\$ 150,000	\$ 1,299,188	\$ 1,449,188	\$ 1,416,591





# HENEY LAKE FOUNDATION

## BALANCE SHEET

MAY 31, 2009

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	2009	2008
<b>Assets</b>		
Current assets		
Cash	\$ 20,252	\$ 71,327
Accrued interest on investments	15,724	11,982
	<u>35,976</u>	<u>83,309</u>
Investments (note 4)	1,741,428	1,934,073
	<u>\$ 1,777,404</u>	<u>\$ 2,017,382</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 7,090	\$ 44,614
Deferred contributions (note 5)	321,126	556,177
	<u>328,216</u>	<u>600,791</u>
<b>Net assets</b>		
Appropriated for future legal fees	150,000	150,000
Unappropriated	1,299,188	1,266,591
	<u>1,449,188</u>	<u>1,416,591</u>
	<u>\$ 1,777,404</u>	<u>\$ 2,017,382</u>

### Commitments (note 6)

On behalf of the board,

J. S. Rayner, director

Carl D. Dunning, director

The accompanying notes are an integral part of these financial statements



# HENEY LAKE FOUNDATION

## CASH FLOWS

FOR THE PERIOD ENDED MAY 31, 2009

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	2009	2008
<b>Operating activities</b>		
Excess of income over expenditures	\$ 49,136	\$ 67,996
Adjustment for :		
Amortization of deferred contributions	(235,051)	(2,172,163)
Loss on disposal of investments	1,735	-
	<u>(184,180)</u>	<u>(2,104,167)</u>
Net change in non-cash working capital items (note 7)	(41,266)	14,314
	<u>(225,446)</u>	<u>(2,089,853)</u>
<b>Investing activities</b>		
Acquisition of investments	(1,644,859)	(2,366,232)
Proceeds of investments	1,819,230	4,486,959
	<u>174,371</u>	<u>2,120,727</u>
Increase (decrease) in cash and cash equivalents	(51,075)	30,874
Cash and cash equivalents, beginning of year	71,327	40,453
Cash and cash equivalents, end of year	\$ 20,252	\$ 71,327

Cash and cash equivalents consist of cash.



**1. Statutes of incorporation and nature of activities**

The Foundation is a legal entity incorporated under Part III of the *Quebec Companies Act* in accordance with the terms of an agreement following a class action and its purpose is to manage the funds received set out in the said agreement. The main activities of the Foundation consist of the rehabilitation of the Heney Lake and the conservation of its ecosystem and its watershed.

**2. Change in accounting policies**

During the course of the year, the Foundation adopted CICA Handbook section 1535 - Capital disclosures. The adoption of these new standards has had no impact on the accounting methods used by the foundation to account for its transactions or on its financial statements, however, resulted in the addition of note 9 to the financial statements.

**3. Significant accounting policies**

**Use of estimates**

The preparation of financial statements 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 these financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

**Revenue recognition**

The Foundation uses the deferred method of reporting contributions. Contributions received from external sources in advance of making the related expenditures are deferred. Unappropriated contributions are recorded as revenue when they have been received or receivable, if the amount receivable can be estimated and can reasonably be determined.



**3. Significant accounting policies (continued)**

**Financial assets and liabilities**

Assets and liabilities held for transaction purposes

The financial instruments classified in assets and liabilities held for transaction purposes are measured at fair value and changes in fair value are recognized in operations.

Financial assets available-for-sale

The financial instruments classified in financial assets available-for-sale are measured at their fair values. The gain or loss arising from the change in the fair value is included in net assets until the financial asset is derecognized and all cumulative gains or losses are then recognized in net income.

**Cash and cash equivalents**

The policy of the entity is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. The credit margin used and bank borrowings are not included under cash equivalents but are classified as financing activities.

**4. Investments**

	<b>2009</b>	<b>2008</b>
Bonds and guaranteed investment certificates, rates varying between 2,75 % and 4,63 %, cost of \$ 1,700,033 (\$ 1,795,960 in 2008)	<b>\$ 1,705,199</b>	<b>\$ 1,817,665</b>
Cash, rates varying between 0,10 % and 1,00 %	<b>36,229</b>	<b>116,408</b>
	<b>\$ 1,741,428</b>	<b>\$ 1,934,073</b>





**HENEY LAKE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**MAY 31, 2009**

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**5. Deferred contributions**

Deferred contributions represent unexpended resources received which are reserved to restorative measures for the rehabilitation of Heney Lake in accordance with paragraph 1.2 of the agreement. Variations in the deferred contributions account during the period are made up of the following :

	<b>2009</b>	<b>2008</b>
Initial amount received	\$ 3,200,000	\$ 3,200,000
Less: amount recorded as income in previous years	(2,643,823)	(471,660)
Amount received during the year	<u>(235,051)</u>	<u>\$ (2,172,163)</u>
Balance, end of year	<u>\$ 321,126</u>	<u>\$ 556,177</u>

**6. Commitments**

At the end of the year, the Foundation was committed to the following contracts:

	<b>Contract amount</b>	<b>Amount expended</b>	<b>Balance committed at end of year</b>
<b>Envir-eau :</b>			
Rehabilitation of Heney Lake	\$ 2,372,679	\$ 2,295,480	\$ 77,199
<b>University of Montreal :</b>			
Monitoring of the effects of the addition of chloride on the abundance and composition of the zooplankton and the benthos	64,204	48,153	16,051
<b>Fondex :</b>			
Inventory of septic tanks and identification of hazardous sanitary systems	36,131	-	36,131
	<u>\$ 2,473,014</u>	<u>\$ 2,343,633</u>	<u>\$ 129,381</u>



7. Net change in non-cash working capital items

	2009	2008
Accrued interest on investments	\$ (3,742)	\$ 17,135
Accounts payable and accrued liabilities	(37,524)	(2,821)
	<u>\$ (41,266)</u>	<u>\$ 14,314</u>

8. Financial instruments

The financial instruments include all the monetary elements of the assets and liabilities which in due time will be settled by means of a cash payment or other form of payment.

**Fair value**

The fair value of the financial instruments is approximately equal to their carrying value given their maturity date.

9. Capital disclosures

Contributions received following the settlement of a class action are subjected to rules concerning the expenditure of these funds. The foundation respects all requirements concerning contributions received.

