

HENEY LAKE FOUNDATION
FINANCIAL STATEMENTS
MAY 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Heney Lake Foundation

We have audited the accompanying financial statements of Heney Lake Foundation, which comprise the balance sheet as at May 31, 2014, and the statements of income, 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 for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Heney Lake Foundation as at May 31, 2014, 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.


Chartered Professional Accountant Corporation

Maniwaki (Québec),
August 10, 2014

140, rue King
Maniwaki (Québec)
J9E 2L3
Tél. : (819) 449-3571
Télé. : (819) 449-0052

77-1, rue Principale Est
La Pêche (Québec)
J0X 2W0
Tél. : (819) 456-4229
Télé. : (819) 456-1303

HENEY LAKE FOUNDATION
STATEMENT OF INCOME
FOR THE YEAR ENDED MAY 31, 2014

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	2014	2013
Revenue		
Interest on investments	\$ 44,853	\$ 51,053
Expenditures		
Restoration measures according to article 1.2 of the agreement		
Rehabilitation and research contracts	91,911	83,048
Project management	188	131
Office, communications and travel	125	44
	92,224	83,223
Operating expenses		
Professional fees	7,415	26,922
Insurance	1,744	3,829
Office, communications and travel	307	350
Bank charges	138	134
	9,604	31,235
Deficiency of revenue over expenditures	\$ (56,975)	\$ (63,405)



HENEY LAKE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2014

	Appropriated *	Unrestricted	2014 Total	2013 Total
Balance, beginning of year	\$ 274,277	\$ 1,251,778	\$ 1,526,055	\$ 1,589,460
Deficiency of revenue over expenditures	(92,224)	35,249	(56,975)	(63,405)
Balance, end of year	\$ 182,053	\$ 1,287,027	\$ 1,469,080	\$ 1,526,055

*Appropriated for rehabilitation, protection and conservation measures of the ecosystem (note 5).

HENEY LAKE FOUNDATION

BALANCE SHEET

AS AT MAY 31, 2014

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	2014	2013
Assets		
Current assets		
Cash	\$ 16,830	\$ 15,842
GST and QST	2,561	1,858
Current portion of accrued interest on investments (note 3)	30,916	46,012
	50,307	63,712
Investments (note 3)	1,440,499	1,468,293
	\$ 1,490,806	\$ 1,532,005
Liability		
Current liability		
Accounts payable and accrued liabilities	\$ 21,726	\$ 5,950
Net assets		
Appropriated (note 5)	182,053	274,277
Unrestricted	1,287,027	1,251,778
	1,469,080	1,526,055
	\$ 1,490,806	\$ 1,532,005

On behalf of the Board,

_____, Director

_____, Director



Piché & Lacroix CPA inc.

Société de comptables professionnels agréés / Corporation of Chartered Professional Accountants

**HENEY LAKE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2014**

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	2014	2013
Operating activities		
Deficiency of revenue over expenditures	\$ (56,975)	\$ (63,405)
Net change in non-cash working capital items		
GST and QST	(703)	(1,413)
Accounts payable and accrued liabilities	15,776	(27,237)
	(41,902)	(92,055)
Investing activities		
Acquisition of investments	(1,074,163)	(256,823)
Proceeds of investments	1,084,999	364,859
Change in accrued interest on investments	32,054	(992)
	42,890	107,044
Increase in cash and cash equivalents	988	14,989
Cash and cash equivalents, beginning of year	15,842	853
Cash and cash equivalents, end of year	\$ 16,830	\$ 15,842

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. Significant accounting policies

The Foundation applies the Canadian accounting standards for not-for-profit organizations in Part III of the CICA Accounting Handbook.

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.

Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Foundation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

The Foundation recognizes its transaction costs in net earnings in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of earnings using the effective interest method.

Cash and cash equivalents

The policy of the foundation 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.

HENEY LAKE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
AS AT MAY 31, 2014

3. Investments

	2014	2013
Bonds and guaranteed investment certificates, rates varying between 1,20 % and 3,65 %, cost of \$ 598,100 (2013; \$ 1,428,089)	\$ 598,100	\$ 1,428,099
Cash, rates varying between 0,10 % and 1,00 %	735,898	22,035
Mutual Funds, at cost of \$ 105,300 (2013; \$ 0)	105,300	-
Accrued interest on investments	32,117	64,171
	1,471,415	1,514,305
Current portion of accrued interest on investments	30,916	46,012
	\$ 1,440,499	\$ 1,468,293

4. Financial instruments

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 Foundation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

5. Net assets appropriated for the rehabilitation, protection and conservation measures of the ecosystem

In accordance with the protocol's final settlement, a reserve of \$ 357 500 originating from the funds received for the rehabilitation of Heney Lake in excess of the amounts spent and the interest earned on these funds has been created to pay for any rehabilitation, conservation or preservation measures of the ecosystem of Heney Lake in the future. This reserve is reduced annually by the amount spent on remedial measures during the year.