

**HENEY LAKE FOUNDATION  
FINANCIAL STATEMENTS  
MAY 31, 2015**

**SUMMARY**

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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, 2015, and the statements of operations, changes in net assets and cash flow 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, 2015, 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.

*Piché & Lacroix CPA inc.*

**Chartered Professional Accountant Corporation**

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June 28, 2015

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A104361

**HENEY LAKE FOUNDATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MAY 31, 2015**

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	2015	2014
<b>Revenue</b>		
<b>Investments income</b>	\$ 79,332	\$ 44,853
<b>Expenditures</b>		
<b>Restoration measures according to article 1.2 of the agreement</b>		
Rehabilitation, research and follow-up contracts	45,963	91,911
Project management	188	188
Office, communications and travel	90	125
	<b>46,241</b>	<b>92,224</b>
<b>Operating expenses</b>		
Professional fees	6,572	7,415
Insurance	1,744	1,744
Office, communications and travel	197	307
Bank charges	138	138
	<b>8,651</b>	<b>9,604</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ 24,440</b>	<b>\$ (56,975)</b>

**HENEY LAKE FOUNDATION**  
**CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2015**

	<b>Appropriated *</b>	<b>Unrestricted</b>	<b>2015 Total</b>	<b>2014 Total</b>
<b>Balance, beginning of year</b>	<b>\$ 182,053</b>	<b>\$ 1,287,027</b>	<b>\$ 1,469,080</b>	<b>\$ 1,526,055</b>
Excess (deficiency) of revenue over expenditures	(46,241)	70,681	24,440	(56,975)
<b>Balance, end of year</b>	<b>\$ 135,812</b>	<b>\$ 1,357,708</b>	<b>\$ 1,493,520</b>	<b>\$ 1,469,080</b>

\* Appropriated for rehabilitation, protection and conservation measures of the ecosystem (note 4).

# HENEY LAKE FOUNDATION

## BALANCE SHEET

AS AT MAY 31, 2015

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	2015	2014
<b>Assets</b>		
Current assets		
Cash	\$ 2,288	\$ 16,830
GST and QST receivable	4,205	2,561
Current portion of accrued interest on investments (note 3)	13,062	30,916
	19,555	50,307
Investments (note 3)	1,490,900	1,440,498
	\$ 1,510,455	\$ 1,490,805
<b>Liability</b>		
Current liability		
Accounts payable and accrued liabilities	\$ 16,935	\$ 21,725
<b>Net assets</b>		
Appropriated for rehabilitation, protection and conservation measures of the ecosystem (note 4)	135,812	182,053
Unrestricted	1,357,708	1,287,027
	1,493,520	1,469,080
	\$ 1,510,455	\$ 1,490,805

Commitments (note 5)

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 FLOW**  
**FOR THE YEAR ENDED MAY 31, 2015**

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	<b>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 24,440	\$ (56,975)
Net change in non-cash working capital items:		
GST and QST receivable	(1,644)	(703)
Accounts payable and accrued liabilities	(4,790)	15,776
	<b>18,006</b>	<b>(41,902)</b>
<b>Investing activities</b>		
Acquisition of investments	(1,395,170)	(1,074,163)
Proceeds of investments	1,343,573	1,084,999
Change in accrued interest on investments	19,049	32,054
	<b>(32,548)</b>	<b>42,890</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(14,542)</b>	<b>988</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,830</b>	<b>15,842</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,288</b>	<b>\$ 16,830</b>

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 CPA Canada Handbook – Accounting.

**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 earnings.

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 Foundation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and temporary investments with a maturity period of three months or less from the date of acquisition.

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

**AS AT MAY 31, 2015**

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**3. Investments**

	<b>2015</b>	<b>2014</b>
Bonds and guaranteed investment certificates, rates varying between 1,20 % and 3,65 %, cost of \$ 350,000 (2014; \$ 598,100)	<b>\$ 350,000</b>	<b>\$ 598,100</b>
Cash, rates varying between 0,10 % and 1,00 %	<b>207,492</b>	<b>735,898</b>
Mutual Funds, at cost of \$ 884,709 (2014; \$ 105,300)	<b>933,408</b>	<b>105,305</b>
Accrued interest on investments	<b>13,062</b>	<b>32,111</b>
	<b>1,503,962</b>	<b>1,471,414</b>
Current portion of accrued interest on investments	<b>13,062</b>	<b>30,916</b>
	<b>\$ 1,490,900</b>	<b>\$ 1,440,498</b>

**4. 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.

**5. Commitments**

The commitments of the Foundation under two contracts for \$44,331 before taxes, payables in 2015-2016 fiscal year are as follow:

Water monitoring of the Heney Lake	<b>\$ 37,031</b>
Education and communications program for the preservation of the Heney Lake	<b>\$ 7,300</b>

**6. 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 and floating interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Foundation to related cash flow risk.

**7. Comparative figures**

Certain figures for 2014 have been reclassified to make their presentation identical to that adopted in 2015.