

Hamilton Conservation Foundation

Financial Statements

November 30, 2013



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Independent Auditor's Report

To the Board of Directors of
Hamilton Conservation Foundation

We have audited the accompanying financial statements of the Hamilton Conservation Foundation ("the Foundation"), which comprise the statements of financial position as at November 30, 2013, November 20, 2012 and December 1, 2011 and the statements of operations, changes in net assets and cash flows for the years 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

Hamilton Conservation Foundation Statement of Financial Position

	Restricted Funds	Endowment Funds	Total 30-Nov 2013	Restricted Funds	Endowment Funds	Total 30-Nov 2012	Restricted Funds	Endowment Funds	Total 01-Dec 2011
Assets									
Current									
Cash	\$ 1,092,888	\$ 2,068	\$ 1,094,956	\$ 898,261	\$ 4,023	\$ 903,284	\$ 619,165	\$ 6,671	\$ 625,836
Interest and Other Receivables	1,038	8,098	9,136	2,114	7,260	9,374	23,463	8,004	31,467
Investments (Note 4)	-	847,828	847,828	-	881,317	881,317	-	703,493	703,493
Long Term									
Other Assets	1,283	-	1,283	1,283	-	1,283	1,283	-	1,283
Investments (Note 4)	-	476,174	476,174	-	455,875	456,675	-	509,160	509,160
	<u>\$ 1,095,209</u>	<u>\$ 1,334,168</u>	<u>\$ 2,429,377</u>	<u>\$ 902,658</u>	<u>\$ 1,299,275</u>	<u>\$ 2,201,933</u>	<u>\$ 643,911</u>	<u>\$ 1,227,328</u>	<u>\$ 1,871,239</u>
Liabilities									
Current									
Accounts Payable	\$ 650	\$ 1,946	\$ 2,596	\$ 650	\$ 1,907	\$ 2,557	\$ 500	\$ 1,847	\$ 2,347
Due to Hamilton Conservation Authority	140,800	30,592	171,392	113,905	29,640	143,545	42,372	800	43,172
	<u>\$ 141,450</u>	<u>\$ 32,538</u>	<u>\$ 173,988</u>	<u>\$ 114,555</u>	<u>\$ 31,547</u>	<u>\$ 146,102</u>	<u>\$ 42,872</u>	<u>\$ 2,647</u>	<u>\$ 45,519</u>
Net Assets									
Fund Balances (Note 5)	\$ 953,759	\$ 1,301,630	\$ 2,255,389	\$ 788,103	\$ 1,267,728	\$ 2,055,831	\$ 601,939	\$ 1,224,681	\$ 1,825,720
Total Liabilities and Net Assets	<u>\$ 1,095,209</u>	<u>\$ 1,334,168</u>	<u>\$ 2,429,377</u>	<u>\$ 902,658</u>	<u>\$ 1,299,275</u>	<u>\$ 2,201,933</u>	<u>\$ 643,911</u>	<u>\$ 1,227,328</u>	<u>\$ 1,871,239</u>

On behalf of the Board
 Director
 Director

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Changes in Net Assets

Year Ended November 30

	RESTRICTED FUNDS				ENDOWMENT FUNDS		
	Land Acquisition Trails & Capital Development	Environmental Projects & Conservation Awareness	Heritage Sites Operations Maintenance & Development	Total	Total	Total	Total
				2013	2012	2013	2012
Balance beginning of year (Note 5)	\$ 743,860	\$ 22,807	\$ 21,436	788,103	\$ 601,039	\$1,267,728	\$1,224,681
Excess of revenues over expenses/ (expenses) over revenues before unrealized loss on investments	168,681	(205)	(2,820)	165,656	187,064	33,902	43,047
Balance, end of year (Note 5)	<u>\$ 912,541</u>	<u>\$ 22,602</u>	<u>\$ 18,616</u>	<u>\$ 953,759</u>	<u>\$ 788,103</u>	<u>\$1,301,630</u>	<u>\$1,267,728</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation
Notes to the Financial Statements
For the year ended November 30, 2013

1. Nature of operations

The Foundation is a community based organization whose purpose is to support land acquisition and other programs of the Hamilton Conservation Authority.

The Foundation was incorporated in 1975 by Ontario Letters Patent as a not-for-profit organization, and is a registered charity under the Income Tax Act (Canada).

2. First-time adoption of Canadian Accounting Standards for Not-For-Profit Organizations

These financial statements are the first financial statements for which the Foundation has applied Canadian Accounting Standards for Not-For-Profit Organizations (hereafter ASNPO). The financial statements for the year ended November 30, 2013 were prepared in accordance with ASNPO. Comparative period information presented for the year ended November 30, 2012 was prepared in accordance with ASNPO and the provisions set out in Section 1501 First-time Adoption

The date of transition to ASNPO is December 1, 2011 and the transition to ASNPO did not result in any material adjustments to the financial statements other than terminology changes.

3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with the Canadian accounting standard for not-for-profit organizations. The significant policies are detailed as follows:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. Restricted funds report contributed resources that are externally restricted as to their specified use. Endowment funds report resources contributed as an endowment. Investment income earned on resources of endowment funds is reported in the respective endowment fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Contributions for endowment are recognized as revenue of the appropriate endowment fund when received.

Hamilton Conservation Foundation Notes to the Financial Statements

For the year ended November 30, 2013

3. Summary of significant accounting policies (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are long term investments such as bonds and GICs.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

4. Investments – Fair Value Disclosure

The Foundation's short term investments, all of which are held within the Endowment Funds, are recorded at fair value as quoted in active markets. The following table presents information about the investments as of November 30, 2013.

Description	30-Nov 2013	30-Nov 2012	01-Dec 2011
Common Shares	\$ 623,622	\$ 615,782	\$ 491,763
Preferred shares	171,308	175,152	171,722
Mutual Funds	21,516	25,251	10,042
Foreign Securities	31,382	15,132	29,966
	<u>\$ 847,828</u>	<u>\$ 831,317</u>	<u>\$ 703,493</u>

The Foundation's long term investments, also held within the Endowment Funds and as discussed in Note 2, are recorded at cost or amortized cost.

	30-Nov 2013	30-Nov 2012	01-Dec 2011
Municipal	\$ -	\$ -	\$ 50,849
Provincial	127,490	128,605	129,723
Federal	110,723	20,771	211,816
Corporate	237,960	307,299	116,772
	<u>\$ 476,174</u>	<u>\$ 456,675</u>	<u>\$ 509,160</u>

Bank issued GICs are categorized as federal as they are fully insured by the Canada Deposit Insurance Corporation, a federal crown corporation.

The fair value of the long term investments are \$496,026 at November 30, 2013 (2012 - \$481,386).

Hamilton Conservation Foundation Notes to the Financial Statements

For the year ended November 30, 2013

7. Income tax status

The Foundation was incorporated as a non-profit charity and is therefore exempt from income taxes.

For fiscal 2013, the Foundation met the distribution quota requirements to maintain this status under the Income Tax Act (Canada).

8. Risks associated with financial instruments

The Foundation is exposed to the following additional risks related to its financial assets and liabilities:

Market Risk

Market risk is the potential for loss from changes in the value of financial instruments.

The Foundation is exposed to market risk in the investment portfolio. This risk is managed by the implementation and adherence to the Board approved investment policy which specifies the exposure limits that the investment portfolio may have to equity markets. At November 30, 2013, as detailed in Note 4, equity holdings make up 51% of the total investment portfolio with bonds and interest based preferred shares comprising the balance of 49%.

As at November 30, 2013 if short term values related to all investments carried at market value were to increase or decrease by 10%, the effect on the assets, all else being equal, would be a change in value of approximately \$85,000.

Interest Rate Risk

The interest rate risk is the risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest rate risk. It is the organization's intention to hold the long term investments to maturity which eliminates exposure to short term swings in interest rates.

Liquidity Risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund obligations as they come due. Demand for cash can result from funding requirements of related parties. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Senior management manages liquidity risk and monitors the cash and funding needs on a daily basis.

10. Contingent Liabilities and Commitments

There remains \$132,377 to be transferred to Hamilton Conservation Authority to complete the funding for the March, 2013 York Road purchase. This commitment will be discharged upon receipt of donor contributions directed to that land, or general land acquisition.