

Hamilton Conservation Foundation

Financial Statements

November 30, 2010

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Auditors' report

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To the Board of Directors of
Hamilton Conservation Foundation

We have audited the statement of financial position and the statements of operations, changes in net assets and cash flows of the **Hamilton Conservation Foundation** as at November 30, 2010 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.

Except as explained in the following paragraph, 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 common with many charitable organizations, the Foundation derives some of its revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations and fundraising activities and to fund balances at the end of the year.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at November 30, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Hamilton, Ontario
January 5, 2011

Grant Thornton LLP



Chartered Accountants
Licensed Public Accountants

Hamilton Conservation Foundation

Statement of Financial Position

November 30	Restricted Funds	Endowment Funds	2010	2009
Assets				
Current				
Cash	\$ 901,513	\$ 2,048	\$ 903,561	\$ 1,894,973
Interest and Other Receivables	-	5,736	5,736	-
Long Term				
Other Assets	1,583	-	1,583	1,583
Investments (Note 3)	-	1,102,662	1,102,662	20,896
	<u>\$ 903,096</u>	<u>\$ 1,110,446</u>	<u>\$ 2,013,542</u>	<u>\$ 1,917,452</u>
Liabilities				
Current				
Accounts Payable	\$ 1,020	-	\$ 1,020	-
Due to Hamilton Conservation Authority	150,496	-	150,496	\$ 94,611
	<u>\$ 151,516</u>	<u>\$ -</u>	<u>\$ 151,516</u>	<u>\$ 94,611</u>
Net Assets				
Fund Balances (Note 4)	<u>\$ 751,580</u>	<u>\$ 1,110,446</u>	<u>\$ 1,862,026</u>	<u>\$ 1,822,841</u>
Total Liabilities and Net Assets	<u>\$ 903,096</u>	<u>\$ 1,110,446</u>	<u>\$ 2,013,542</u>	<u>\$ 1,917,452</u>

On behalf of the Board

 Director
  Director

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Operations

Year Ended November 30

	RESTRICTED FUNDS				ENDOWMENT FUNDS		
	Land Acquisition Trails & Capital Development	Environmental Projects & Conservation Awareness	Heritage Sites Operations Maintenance & Development	Total 2010	Total 2009	Total 2010	Total 2009
Revenues							
Donations and fund raising activities	\$ 297,417	\$ 32,730	\$ 27,930	\$ 357,777	\$ 744,040	\$ 1,335	\$ 173,319
Investment income (Note 5)	-	-	-	-	1,146	13,521	7,677
Interest and other	3,958	838	838	5,634	5,717	-	-
	<u>301,075</u>	<u>33,568</u>	<u>28,768</u>	<u>363,411</u>	<u>750,903</u>	<u>14,856</u>	<u>180,996</u>
Expenses							
Grants to Hamilton Conservation Authority	263,531	33,730	27,930	325,191	650,902	9,631	7,713
Fund raising and administration	128	-	-	128	1,638	-	-
Investment loss	-	-	-	-	2,890	-	-
	<u>263,659</u>	<u>33,730</u>	<u>27,930</u>	<u>325,319</u>	<u>655,430</u>	<u>9,631</u>	<u>7,713</u>
Excess of revenues over expenses (expenses over revenue) before unrealized loss on investments	37,416	(162)	838	38,092	95,473	5,225	173,283
Unrealized loss on investments	-	-	-	-	-	(4,132)	-
Excess of revenues over expenses	<u>\$ 37,416</u>	<u>\$ (162)</u>	<u>\$ 838</u>	<u>\$ 38,092</u>	<u>\$ 95,473</u>	<u>\$ 1,093</u>	<u>\$ 173,283</u>

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 2010	Total 2009	Total 2010
Balance, beginning of year (Note 4)	\$ 687,398	\$ 10,061	\$ 16,029	\$ 713,488	\$ 618,015	\$ 1,109,353
Excess of revenues over expenses (expenses over revenues)	37,416	(162)	838	38,092	95,473	1,093
Balance, end of year (Note 4)	\$ 724,814	\$ 9,899	\$ 16,867	\$ 751,580	\$ 713,488	\$ 1,110,446

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Cash Flow

For the year ended November 30

	Restricted Funds		Endowment Funds	
	2010	2009	2010	2009
Operating Activities				
Excess of revenues over expenditures	\$ 38,092	\$ 95,473	\$ 1,093	\$ 173,283
Items not affecting cash				
Unrealized loss on investments	-	-	4,132	-
Bond amortization	-	-	108	36
(Gain) loss on disposal of investments	-	-	(2,585)	-
	-	-	1,655	36
	<u>38,092</u>	<u>95,473</u>	<u>2,748</u>	<u>173,319</u>
Changes in:				
Interest and Other Receivables	-	-	(5,736)	-
Due to Hamilton Conservation Authority	55,885	94,611	-	-
Accounts Payable	1,020	-	-	-
	<u>56,905</u>	<u>94,611</u>	<u>(5,736)</u>	<u>-</u>
Investment Activities				
Purchases	-	-	(1,216,634)	-
Proceeds from dispositions, net	-	-	133,213	-
	<u>-</u>	<u>-</u>	<u>(1,083,421)</u>	<u>-</u>
Increase / (decrease) in cash	94,997	190,084	(1,086,409)	173,319
Cash				
Beginning of year	806,516	616,432	1,088,457	915,138
End of year	<u>\$ 901,513</u>	<u>\$ 806,516</u>	<u>\$ 2,048</u>	<u>\$ 1,088,457</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2010

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. Summary of significant accounting policies

The Foundation follows accounting principles generally accepted for "Not-for-Profit Organizations" in Canada in preparing its financial statements.

The significant accounting policies are 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 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.

Investments

Short term investments are recorded at fair value and long term investments are recorded using the cost method. Earnings from investments are recognized on the accrual basis for interest bearing instruments and to the extent received or receivable for all other instruments.

Capital expenditures

Items of a capital nature are expensed in the year of acquisition. This policy is considered appropriate for not-for-profit organizations where annual revenues are less than \$500,000.

Revenue recognition

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

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

Investment income earned on the Doreen & Glenn Kilmer, Westfield Founders' Trust endowment fund is recognized as revenue in its fund to be used for the Heritage Sites Operations, Maintenance and Development.

Investment income earned on the A.G. Stacey land endowment fund is recognized in its fund to be used for Land Acquisition, Trails & Capital Development.

Investment incomes earned on the Dobson-McKee Environmental Education endowment fund and on the Eramosa Karst endowment fund are recognized as revenue in their respective endowment funds to be used in support of environmental education and the Eramosa Karst development, respectively.

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2010

2. Summary of significant accounting policies (continued)

Contributed materials and services

A number of Foundation members, members of the community and businesses contribute non-cash resources and services each year to assist the Foundation in the fulfillment of its mandate. Donated materials and services which would otherwise be paid for by the Foundation are recorded at fair value. The value of these donations-in-kind, as determined through a combination of donor information and objective evidence, amounted to \$23,858 in 2010 (2009 - \$71,423) and have been included in Donations and fundraising activities and Grants to Hamilton Conservation Authority.

Financial Instruments

The organization's financial instruments consist of cash, investments and accounts payable. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

The organization has classified its financial instruments as follows:

- Cash is classified as held-for-trading and is valued at fair value.
- Receivables are classified as loans and receivables
- Short term investments are classified as held-for-trading and are valued at fair value.
- Long term investments are classified as held-to-maturity and are valued at amortized cost or cost.
- Accounts payables are classified as other financial liabilities and are valued at amortized cost.

Changes in accounting policy

Effective December 1, 2009, the Hamilton Conservation Foundation adopted the amendments to CICA Section 3862, "Financial Instruments – Disclosures" of the CICA Handbook. The amendments establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 financial instruments are valued using quoted prices in active markets for identical assets or liabilities.

Level 2 financial instruments are valued using observable inputs other than quoted prices included in Level 1.

Level 3 financial instruments are valued using unobservable inputs.

These amended disclosures are included in Note 3.

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2010

3. Investments – Fair Value Disclosure

The Foundation's short term investments, all of which are held within the Endowment Funds, are recorded at fair value and have been categorized based upon the fair value hierarchy, as discussed in Note 2. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of November 30, 2010.

<u>Description</u>	<u>Level 1 2010</u>	<u>Level 2 2010</u>	<u>Level 3 2010</u>
Common Shares	\$ 375,549		
Foreign Securities	22,978		
Mutual Funds	21,784		
Preferred Shares	152,421		
	<u>\$ 572,732</u>	<u>\$ -</u>	<u>\$ -</u>

The Foundation's long term investments, also held within the Endowment Funds, are recorded at cost or amortized cost.

	<u>2010</u>	<u>2009</u>
Municipal	\$ 102,757	
Provincial	130,882	
Federal	178,857	\$ 20,896.00
Corporate	117,434	
	<u>\$ 529,930</u>	<u>\$ 20,896.00</u>

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

The market value of the long term investments are \$540,007 at November 30, 2010 (\$29,014 - 2009).

<u>Summary</u>	<u>2010</u>	<u>2009</u>
Long term investments	\$ 529,930	\$ 20,896
Short term investments	572,732	
Total investments	<u>\$ 1,102,662</u>	<u>\$ 20,896</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2010

4. Net Assets

Year end fund balances are as follows:

	<u>2010</u>	<u>2009</u>
Restricted Funds , with externally imposed restrictions		
Land Acquisition, Trails and Capital Development	\$ 724,814	\$ 687,398
Environment Projects and Conservation Awareness	9,899	10,061
Heritage Sites Operations, Maintenance and Development	16,867	16,029
	<u>\$ 751,580</u>	<u>\$ 713,488</u>
Endowment Funds		
The Doreen & Glenn Kilmer Westfield Founders' Trust	\$ 20,857	\$ 20,896
The A.G. Stacey Land Endowment	12,391	12,046
The Dobson-McKee Environmental Education Fund	325,697	324,769
The Eramosa Karst Endowment Fund	751,501	751,642
	<u>\$ 1,110,446</u>	<u>\$ 1,109,353</u>

5. Investment income

Investment income includes income earned on resources held for endowment and on gains from sales of donated marketable securities, which are reported as follows:

	For Land Acquisition, Trails and Capital Development		For Heritage Sites Operations Maintenance and Development		Endowment Funds	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Doreen and Glenn Kilmer Westfield Founders' Trust	\$ -	\$ -	\$ -	\$ -	\$ 2,361	\$ 764
The A.G. Stacey Land Endowment	-	-	-	-	114	96
The Dobson McKee Environmental Education Endowment	-	-	-	-	3,320	1,627
Eramosa Karst Endowment	-	-	-	-	7,726	6,086
Sale of marketable securities	-	250	-	-	-	-
	<u>\$ -</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,521</u>	<u>\$ 8,573</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2010

6. Income tax status

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

For fiscal 2009, the Foundation has met the distribution quota requirements to maintain this status under the Income Tax Act (Canada).

7. 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, 2010, as detailed in note 3, equity holdings make up 38% of the total investment portfolio with bonds and interest based preferred shares comprising the balance of 62%.

As at November 30, 2010 short term prices, which include all investments carried at market value increase or decrease by 10%, the effect on the assets, all else being equal, would be a change of approximately \$57,000.

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.

8. Capital disclosures

The Foundation considers cash and fund balances as capital. The Foundation has no externally imposed capital requirements.