

# **Hamilton Conservation Foundation**

## **Financial Statements**

November 30, 2019

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## Independent auditor's report

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To the Board of Directors of  
Hamilton Conservation Foundation

### Qualified Opinion

We have audited the financial statements of Hamilton Conservation Foundation (the "Foundation"), which comprise the statement of financial position as at November 30, 2019, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at November 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, and cash flows from operations for the years ended November 30, 2019 and 2018, current assets as at November 30, 2019 and 2018, and net assets as at December 1 and November 30 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended November 30, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamilton, Canada  
April 20, 2020

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

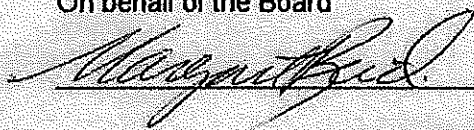
# Hamilton Conservation Foundation

## Statement of Financial Position

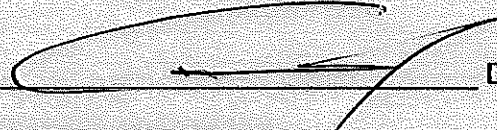
November 30

	Restricted Funds	Endowment Funds	2019	2018
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 991,689	\$ 4,126	\$ 995,815	\$1,018,989
Interest and Other Receivables	8,350	15,298	23,648	44,660
Investments (Note 3)	-	1,120,006	1,120,006	1,044,878
<b>Long Term</b>				
Investments (Note 3)	-	666,133	666,133	536,730
	<u>\$1,000,039</u>	<u>\$ 1,805,563</u>	<u>\$2,805,602</u>	<u>\$2,645,257</u>
<b>Liabilities</b>				
<b>Current</b>				
Accounts Payable	\$ 1,600	\$ 2,576	\$ 4,176	\$ 28,242
Due to Hamilton Conservation Authority	14,778	33,800	48,578	1,600
	<u>\$ 16,378</u>	<u>\$ 36,376</u>	<u>\$ 52,754</u>	<u>\$ 29,842</u>
<b>Net Assets</b>				
Fund Balances (Note 4)	<u>\$ 983,661</u>	<u>\$ 1,769,187</u>	<u>\$2,752,848</u>	<u>\$2,615,415</u>
Total Liabilities and Net Assets	<u>\$ 1,000,039</u>	<u>\$ 1,805,563</u>	<u>\$ 2,805,602</u>	<u>\$ 2,645,257</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	Environmental Projects & Conservation Awareness	Heritage Sites Operations	Development	Fund Total	Fund Total	Fund Total	Fund Total
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>								
Donations and fund raising activities	\$ 451,645	\$ 88,096	\$ 2,545	\$ 542,286	\$ 557,816	\$ 50,422	\$ 592,708	\$ 607,816
Investment income (Note 5)	7,206	7,206	7,206	21,618	14,901	91,389	54,433	91,389
Interest and other	458,851	95,302	9,751	563,904	572,717	104,855	668,759	714,106
	<u>417,715</u>	<u>117,645</u>	<u>506</u>	<u>535,866</u>	<u>306,636</u>	<u>59,173</u>	<u>595,039</u>	<u>322,661</u>
<b>Expenses</b>								
Grants to Hamilton Conservation Authority	417,449	117,379	240	535,068	305,274	33,800	568,868	306,874
Fund raising and administration	266	266	266	798	1,362	15,029	15,827	15,781
Investment loss (Note 5)	-	-	-	-	-	10,344	10,344	6
	<u>417,715</u>	<u>(22,343)</u>	<u>9,245</u>	<u>28,038</u>	<u>266,081</u>	<u>45,682</u>	<u>73,720</u>	<u>391,445</u>
Excess of revenues over expenses / (expenses over revenues)	-	-	-	-	-	-	-	-
before unrealized gains/(losses) on investments	41,136	\$ (22,343)	\$ 9,245	\$ 28,038	\$ 266,081	\$ 109,395	\$ 137,433	\$ 305,937
	<u>\$ 41,136</u>	<u>\$ (22,343)</u>	<u>\$ 9,245</u>	<u>\$ 28,038</u>	<u>\$ 266,081</u>	<u>\$ 109,395</u>	<u>\$ 137,433</u>	<u>\$ 305,937</u>
Unrealized gains/(losses) on investments	-	-	-	-	-	63,713	63,713	(85,508)
Excess of revenues over expenses / (expenses over revenues)	-	-	-	-	-	-	-	-

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	Environmental Projects & Conservation Awareness	Heritage Sites Operations Maintenance & Development	Total	Total	Total
				2019	2018	2018
Balance beginning of year (Note 4)	\$ 766,600	\$ 41,348	\$ 147,675	\$ 955,623	\$ 689,542	\$ 1,619,936
Excess of (expenses) over revenues / revenues over expenses	41,136	(22,343)	9,245	28,038	266,081	39,856
Balance, end of year (Note 4)	<u>\$ 807,736</u>	<u>\$ 19,005</u>	<u>\$ 156,920</u>	<u>\$ 983,661</u>	<u>\$ 955,623</u>	<u>\$ 1,659,792</u>

See accompanying notes to the financial statements

# Hamilton Conservation Foundation

## Statement of Cash Flows

November 30

	Restricted Funds		Endowment Funds		2019	2018
	2019	2018	2019	2018		
<b>Operating Activities</b>						
Excess of (expenses) over revenues / revenues over expenses	\$ 28,038	\$ 266,081	\$ 109,395	\$ 39,856	\$ 137,433	\$ 305,937
<b>Items not affecting cash</b>						
Unrealized (gain)/loss on investments	-	-	(63,713)	85,508	(63,713)	85,508
Other non-cash income /charges, net	-	-	(282)	(3,433)	(282)	(3,433)
Bond amortization	-	-	324	328	324	328
Loss on disposal of investments	-	-	10,344	6	10,344	6
	-	-	(53,327)	82,409	(53,327)	82,409
	<u>28,038</u>	<u>266,081</u>	<u>56,068</u>	<u>122,265</u>	<u>84,106</u>	<u>388,346</u>
<b>Changes in:</b>						
Interest and other receivables / assets	(8,350)	874	29,362	(34,271)	21,012	(33,397)
Accounts payable	(24,200)	25,800	133	23	(24,067)	25,823
Due to Hamilton Conservation Authority	14,778	(24,723)	32,200	1,600	46,978	(23,123)
	<u>(17,772)</u>	<u>1,951</u>	<u>61,695</u>	<u>(32,648)</u>	<u>43,923</u>	<u>(30,697)</u>
<b>Investment Activities</b>						
Purchases	-	-	(554,544)	(538,707)	(554,544)	(538,707)
Proceeds from dispositions, net	-	-	403,340	485,828	403,340	485,828
	-	-	<u>(151,203)</u>	<u>(52,879)</u>	<u>(151,203)</u>	<u>(52,879)</u>
Increase / (decrease) in cash	10,266	268,032	(33,440)	36,738	(23,174)	304,770
<b>Cash</b>						
Beginning of year	981,423	713,391	37,566	828	1,018,989	714,219
End of year	\$ 991,689	\$ 981,423	\$ 4,126	\$ 37,566	995,815	1,018,989

See accompanying notes to the financial statements



# **Hamilton Conservation Foundation**

## **Notes to the Financial Statements**

For the year ended November 30, 2019

### **1. Nature of operations**

The Hamilton Conservation Foundation (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).

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### **2. 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.

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 conservation area, respectively.

#### **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.

# Hamilton Conservation Foundation

## Notes to the Financial Statements

For the year ended November 30, 2019

### 2. Summary of significant accounting policies (continued)

The value of these donations-in-kind, as determined through a combination of donor information and objective evidence, amounted to \$2,524 in 2019 (2018 - \$89,639) and have been included in Donations and fund raising activities and Grants to Hamilton Conservation Authority.

### Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Foundation's financial instruments consist of cash, interest and other receivables, investments and accounts payable and Due to Hamilton Conservation Authority.

Financial assets and liabilities obtained in arm's length transactions are initially recorded at their fair value and financial assets and liabilities obtained in related party transactions are initially measured at their exchange amount. The Foundation subsequently measures all of its financial assets and liabilities at amortized cost, except for cash and investments, which are measured at fair value.

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.

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### 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 as quoted in active markets. The following table presents information about the short-term investments as of November 30, 2019.

	<u>Nov. 30</u> <u>2019</u>	<u>Nov. 30</u> <u>2018</u>
Common Shares	\$ 800,845	\$ 700,061
Preferred shares	157,996	167,108
Mutual Funds	710	21,745
Foreign Securities	160,456	155,964
	<u>\$ 1,120,006</u>	<u>\$ 1,044,878</u>

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# Hamilton Conservation Foundation

## Notes to the Financial Statements

For the year ended November 30, 2019

### 3. Investments – Fair Value Disclosure (continued)

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

	Nov. 30 2019	Nov. 30 2018
Federal	\$ 387,350	\$ 332,424
Corporate	278,783	204,306
	<u>\$ 666,133</u>	<u>\$ 536,730</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 \$678,170 at November 30, 2019 (2018 - \$544,984).

#### Summary

	Nov. 30 2019	Nov. 30 2018
Short term investments	\$ 1,120,006	\$ 1,044,878
Long term investments	666,133	536,730
Total investments	<u>\$ 1,786,139</u>	<u>\$ 1,581,608</u>

### 4. Net Assets

Year end fund balances are as follows:

	Nov. 30 2019	Nov. 30 2018
<b>Restricted Funds</b> , with externally imposed restrictions		
Land acquisition, trails and capital development	\$ 807,736	\$ 766,600
Environment projects and conservation awareness	19,005	41,348
Heritage sites operations, maintenance and development	<u>156,920</u>	<u>147,675</u>
	<u>\$ 983,661</u>	<u>\$ 955,623</u>
<b>Endowment Funds</b>		
The Doreen & Glenn Kilmer Westfield Founders' Trust	\$ 20,348	\$ 20,422
The A.G. Stacey Land Endowment	16,559	15,449
The Dobson-McKee Environmental Education Fund	777,489	700,073
The Eramosa Karst Endowment Fund	<u>954,791</u>	<u>923,848</u>
	<u>\$ 1,769,187</u>	<u>\$ 1,659,792</u>
<b>Total Fund Balances</b>	<u>\$ 2,752,848</u>	<u>\$ 2,615,415</u>

# Hamilton Conservation Foundation

## Notes to the Financial Statements

For the year ended November 30, 2019

### 5. Investment income and investment losses

Investment income includes income earned on resources held for endowment and on gains from sales of donated marketable securities; similarly, investment losses are the result of sales of donated securities for less than the original purchase price, both of which are reported as follows:

	Investment Income		Investment Loss	
	2019	2018	2019	2018
Doreen and Glenn Kilmer Westfield Founders' Trust	\$ 1,526	\$ 1,531	\$ -	\$ -
The A.G. Stacey Land Endowment	427	403	-	6
The Dobson McKee Environmental Education Fund	24,053	34,632	6,062	-
Eramosa Karst Endowment Fund	28,427	54,823	4,282	-
	<u>\$ 54,433</u>	<u>\$ 91,389</u>	<u>\$ 10,344</u>	<u>\$ 6</u>

### 6. Income tax status

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

For fiscal 2019, the Foundation 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, 2019, as detailed in Note 3, equity holdings make up 46% of the total investment portfolio with bonds, bond index funds and interest based preferred shares comprising the balance of 54%.

As at November 30, 2019 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 \$82,000.

# Hamilton Conservation Foundation

## Notes to the Financial Statements

For the year ended November 30, 2019

### 7. Risks associated with financial instruments (continued)

#### 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 or accounts payable. 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 of the Foundation on a daily basis.

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### 8. Subsequent events

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Foundation has determined that these events are a non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended November 30, 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.