

Hamilton Conservation Foundation

Financial Statements

November 30, 2021

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Independent auditor's report

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To the Members of
Hamilton Conversation 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, 2021, 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, 2021, 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 Foundation 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 Foundation. 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, 2021 and 2020, current assets as at November 30, 2021 and 2020, and net assets as at December 1 and November 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended November 30, 2020 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Hamilton, Canada
April 11, 2022

Chartered Professional Accountants
Licenced Public Accountants

Hamilton Conservation Foundation

Statement of Financial Position

Year Ended November 30

	Unrestricted & Restricted Funds	Endowment Funds	2021	2020
Assets				
Current				
Cash	\$ 801,853	\$ 1,824	\$ 803,677	\$ 742,288
Interest and Other Receivables	800	11,660	12,460	14,755
Investments (Note 3)	-	1,257,052	1,257,052	1,156,949
	<u>802,653</u>	<u>1,270,536</u>	<u>2,073,189</u>	<u>1,913,992</u>
Long Term				
Investments (Note 3)	-	739,010	739,010	595,810
	<u>\$ 802,653</u>	<u>\$ 2,009,546</u>	<u>\$ 2,812,199</u>	<u>\$ 2,509,802</u>
Liabilities				
Current				
Accounts Payable	\$ 3,200	\$ 2,974	\$ 6,174	\$ 4,148
Fund Balances (Note 4)	<u>799,453</u>	<u>2,006,572</u>	<u>2,806,025</u>	<u>2,505,654</u>
Total Liabilities and Net Assets	<u>\$ 802,653</u>	<u>\$ 2,009,546</u>	<u>\$ 2,812,199</u>	<u>\$ 2,509,802</u>

On behalf of the Board

Jennifer Stabbing

Director



Director

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Operations

Year Ended November 30

	Unrestricted & Restricted Funds				Endowment Funds		Total	Total
	Unrestricted	Restricted	Fund Total	Fund Total	Fund Total	Fund Total		
			2021	2020	2021	2020		
Revenues								
Donations and fund raising activities	\$ 68,777	\$ 216,921	\$ 285,698	\$ 277,203	\$ -	\$ -	\$ 285,698	\$ 277,203
Investment income (Note 5)	-	-	-	-	119,186	63,560	119,186	63,560
Interest and other	5,561	-	5,561	11,109	-	-	5,561	11,109
	<u>74,338</u>	<u>216,921</u>	<u>291,259</u>	<u>288,312</u>	<u>119,186</u>	<u>63,560</u>	<u>410,445</u>	<u>351,872</u>
Expenses								
Grants to Hamilton Conservation Authority	102,263	122,624	224,887	536,421	1,600	1,600	226,487	538,021
Fund raising and administration	1,059	-	1,059	1,412	17,198	15,239	18,257	16,651
Investment loss (Note 5)	-	-	-	-	-	6,681	-	6,681
	<u>103,322</u>	<u>122,624</u>	<u>225,946</u>	<u>537,833</u>	<u>18,798</u>	<u>23,520</u>	<u>244,744</u>	<u>561,353</u>
Excess of revenues over expenses / (expenses over revenues)								
before unrealized gains/(losses) on investments	(28,984)	94,297	65,313	(249,521)	100,388	40,040	165,701	(209,481)
Unrealized gains/(losses) on investments	-	-	-	-	134,670	(37,713)	134,670	(37,713)
Excess of revenues over expenses / (expenses over revenues)	<u>\$ (28,984)</u>	<u>\$ 94,297</u>	<u>\$ 65,313</u>	<u>\$ (249,521)</u>	<u>\$ 235,058</u>	<u>\$ 2,327</u>	<u>\$ 300,371</u>	<u>\$ (247,194)</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Changes in Fund Balances

Year Ended November 30

	Unrestricted & Restricted Funds (Note 4)			Endowment Funds		
	Unrestricted	Restricted	Fund Total	Fund Total	Total	Total
			2021	2020	2021	2020
Balance beginning of year	\$ 178,901	\$ 555,239	734,140	\$ 983,661	\$ 1,771,514	\$ 1,769,187
Excess of (expenses over revenues) / revenues over expenses	(28,984)	94,297	65,313	(249,521)	235,058	2,327
Balance, end of year	<u>\$ 149,917</u>	<u>\$ 649,536</u>	<u>\$ 799,453</u>	<u>\$ 734,140</u>	<u>\$ 2,006,572</u>	<u>\$ 1,771,514</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Cash Flows

November 30

	Unrestricted & Restricted Funds		Endowment Funds		2021	2020
	2021	2020	2021	2020		
Operating Activities						
Excess of (expenses over revenues) / revenues over expenses	\$ 65,313	\$ (249,521)	\$ 235,058	\$ 2,327	\$ 300,371	\$ (247,194)
Items not affecting cash						
Unrealized (gain)/loss on investments	-	-	(134,670)	37,713	(134,670)	37,713
Bond amortization	-	-	2,020	(311)	2,020	(311)
(Gain)/Loss on disposal of investments	-	-	-	6,681	-	6,681
	-	-	(132,650)	44,083	(132,650)	44,083
	<u>65,313</u>	<u>(249,521)</u>	<u>102,408</u>	<u>46,410</u>	<u>167,721</u>	<u>(203,111)</u>
Changes in:						
Interest and other receivables	1,577	5,973	718	2,920	2,295	8,893
Accounts payable	1,600	-	425	(29)	2,025	(29)
Due to Hamilton Conservation Authority	-	(14,778)	-	(33,800)	-	(48,578)
	<u>3,177</u>	<u>(8,805)</u>	<u>1,143</u>	<u>(30,909)</u>	<u>4,320</u>	<u>(39,714)</u>
Investment Activities						
Purchases of investments	-	-	(521,708)	(714,832)	(521,708)	(714,832)
Proceeds from dispositions, net	-	-	411,056	704,130	411,056	704,130
	-	-	(110,652)	(10,702)	(110,652)	(10,702)
Increase / (decrease) in cash	68,490	(258,326)	(7,101)	4,799	61,389	(253,527)
Cash						
Beginning of year	733,363	991,689	8,925	4,126	742,288	995,815
End of year	<u>\$ 801,853</u>	<u>\$ 733,363</u>	<u>\$ 1,824</u>	<u>\$ 8,925</u>	<u>803,677</u>	<u>742,288</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2021

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).

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 represent contributed resources that are externally restricted as to their specified use. Contributions with no specific predefined purpose are reported as Unrestricted funds. 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

Unrestricted contributions are recognized as revenue to be used in the area of greatest need. 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.

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2021

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 \$53,131 in 2021 (2020 - \$12,095) and have been included in Donations and fundraising 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.

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2021

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, 2021.

	Nov. 30 2021	Nov. 30 2020
Common Shares	\$ 1,181,197	\$ 1,046,620
Mutual Funds	37,337	76,576
Foreign Securities	38,518	33,753
	<u>\$ 1,257,052</u>	<u>\$ 1,156,948</u>

The Foundation's long-term investments are also held within the Endowment Funds.

	Nov. 30 2021	Nov. 30 2020
Federal	\$ 462,284	\$ 377,270
Corporate	276,726	218,540
	<u>\$ 739,010</u>	<u>\$ 595,810</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 is \$742,920 at November 30, 2021 (2020 - \$613,054).

Summary

	Nov. 30 2021	Nov. 30 2020
Short term investments	\$ 1,257,052	\$ 1,156,948
Long term investments	739,010	595,810
Total investments	<u>\$ 1,996,062</u>	<u>\$ 1,752,758</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2021

4. Net Assets

The Foundation has determined that a portion of its restricted funds that are older in nature are no longer restricted and have been reclassified to unrestricted funds on a retroactive basis. As such certain balances are restated to conform with the current year presentation. There is no impact on excess of revenue over expenses and the change in fund balances is purely reclassification. Year end fund balances are as follows:

	<u>Nov. 30 2021</u>	<u>Nov.30 2020</u>
Unrestricted Funds	\$ 149,917	\$ 178,901
Land acquisition, trails and capital development	383,801	364,949
Environment projects and conservation awareness	68,502	12,797
Heritage sites operations, maintenance and development	197,233	177,493
Restricted Funds , with externally imposed restrictions	649,536	555,239
Total Unrestricted & Restricted	<u>\$ 799,453</u>	<u>\$ 734,140</u>
Endowment Funds		
The Doreen & Glenn Kilmer Westfield Founders' Trust	\$ 20,184	\$ 20,269
The A.G. Stacey Land Endowment	18,758	17,230
The Dobson-McKee Environmental Education Fund	881,238	778,889
The Eramosa Karst Endowment Fund	1,086,392	955,126
	<u>\$ 2,006,572</u>	<u>\$ 1,771,514</u>
Total Fund Balances	<u>\$ 2,806,025</u>	<u>\$ 2,505,654</u>

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 sale of donated securities for less than the original purchase price, both of which are reported as follows:

	Investment Income		Investment Loss	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Doreen and Glenn Kilmer Westfield Founders' Trust	\$ 1,515	\$ 1,521	\$ -	\$ -
The A.G. Stacey Land Endowment	500	1,597	-	-
The Dobson McKee Environmental Education Fund	48,513	27,359	-	3,491
Eramosa Karst Endowment Fund	68,658	33,083	-	3,190
	<u>\$ 119,186</u>	<u>\$ 63,560</u>	<u>\$ -</u>	<u>\$ 6,681</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2021

6. Income tax status

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

For fiscal 2021, the Foundation met the 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, 2021, as detailed in Note 3, equity holdings make up 48% of the total investment portfolio with bonds, bond index funds and interest based preferred shares comprising the balance of 52%.

As at November 30, 2021 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 \$96,000.

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 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.
