

Hamilton Conservation Foundation

Financial Statements

November 30, 2022

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Independent auditor's report

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To the Members 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, 2022, and the statements of operations, changes in fund balances 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 Foundation as at November 30, 2022, 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, 2022 and 2021, current assets as at November 30, 2022 and 2021, and fund balances as at December 1 and November 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended November 30, 2021 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 Foundation'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 Foundation'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 Foundation 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.

Grant Thornton LLP

Hamilton, Canada
April 17, 2023

Chartered Professional Accountants
Licensed Public Accountants

Hamilton Conservation Foundation

Statement of Financial Position

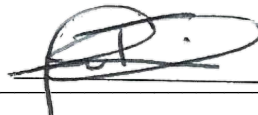
November 30

	Unrestricted & Restricted Funds	Endowment Funds	2022	2021
Assets				
Current				
Cash	\$ 910,214	\$ 895	\$ 911,109	\$ 803,677
Interest and Other Receivables	800	19,333	20,133	12,460
Investments (Note 3)	-	988,978	988,978	1,257,052
	<u>911,014</u>	<u>1,009,206</u>	<u>1,920,220</u>	<u>2,073,189</u>
Long Term				
Investments (Note 3)	-	1,030,444	1,030,444	739,010
	<u>\$ 911,014</u>	<u>\$ 2,039,650</u>	<u>\$ 2,950,664</u>	<u>\$ 2,812,199</u>
Liabilities				
Current				
Accounts Payable	\$ 1,600	\$ 2,942	\$ 4,542	\$ 6,174
Fund Balances (Note 4)	<u>909,413</u>	<u>2,036,708</u>	<u>2,946,121</u>	<u>2,806,025</u>
Total Liabilities and Fund Balances	<u>\$ 911,013</u>	<u>\$ 2,039,650</u>	<u>\$ 2,950,663</u>	<u>\$ 2,812,199</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

	Unrestricted & Restricted				Endowment		Total	Total
	Funds		Fund Total	Fund Total	Funds			
	Unrestricted	Restricted			2022	2021		
Revenues								
Donations and fund raising activities	\$ 63,898	\$ 699,048	\$ 762,945	\$ 285,698	\$ -	\$ -	\$ 762,945	\$ 285,698
Investment income (Note 5)	-	-	-	-	142,422	119,186	142,422	119,186
Interest and other	25,792	-	25,792	5,561	-	-	25,792	5,561
	<u>89,690</u>	<u>699,048</u>	<u>788,736</u>	<u>291,259</u>	<u>142,422</u>	<u>119,186</u>	<u>931,159</u>	<u>410,445</u>
Expenses								
Grants to Hamilton Conservation Authority	110,264	565,846	676,110	224,887	60,150	1,600	736,260	226,487
Fund raising and administration	2,666	-	2,666	1,059	17,849	17,198	20,515	18,257
	<u>112,930</u>	<u>565,846</u>	<u>678,776</u>	<u>225,946</u>	<u>77,999</u>	<u>18,798</u>	<u>756,775</u>	<u>244,744</u>
Excess of revenues over expenses / (expenses over revenues)								
before unrealized gains/(losses) on investments	(23,240)	133,202	109,960	65,313	64,423	100,388	174,384	165,701
Unrealized gains/(losses) on investments	-	-	-	-	(34,287)	134,670	(34,287)	134,670
Excess of revenues over expenses/ (expenses over revenues)	<u>\$ (23,240)</u>	<u>\$ 133,202</u>	<u>\$ 109,960</u>	<u>\$ 65,313</u>	<u>\$ 30,136</u>	<u>\$ 235,058</u>	<u>\$ 140,096</u>	<u>\$ 300,371</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
			2022	2021	2022	2021
Balance beginning of year	\$ 149,917	\$ 649,536	799,453	\$ 734,140	\$ 2,006,572	\$ 1,771,514
Excess of (expenses over revenues) / revenues over expenses	(23,241)	133,202	109,961	65,313	30,136	235,058
Balance, end of year	<u>\$ 126,676</u>	<u>\$ 782,738</u>	<u>\$ 909,414</u>	<u>\$ 799,453</u>	<u>\$ 2,036,708</u>	<u>\$ 2,006,572</u>

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Statement of Cash Flows

Year Ended November 30

	Unrestricted & Restricted Funds		Endowment Funds		2022	2021
	2022	2021	2022	2021		
Operating Activities						
Excess of (expenses over revenues) / revenues over expenses	\$ 109,960	\$ 65,313	\$ 30,136	\$ 235,058	\$ 140,096	\$ 300,371
Items not affecting cash						
Unrealized (gain)/loss on investments	-	-	34,287	(134,670)	34,287	(134,670)
Bond amortization	-	-	(10,591)	2,020	(10,591)	2,020
	-	-	23,697	(132,650)	23,697	(132,650)
	<u>109,960</u>	<u>65,313</u>	<u>53,833</u>	<u>102,408</u>	<u>163,793</u>	<u>167,721</u>
Changes in:						
Interest and other receivables	-	1,577	(7,673)	718	(7,673)	2,295
Accounts payable	(1,600)	1,600	(33)	425	(1,633)	2,025
Due to Hamilton Conservation Authority	-	-	-	-	-	-
	<u>(1,600)</u>	<u>3,177</u>	<u>(7,706)</u>	<u>1,143</u>	<u>(9,306)</u>	<u>4,320</u>
Investment Activities						
Purchases of investments	-	-	(924,401)	(521,708)	(924,401)	(521,708)
Proceeds from dispositions, net	-	-	877,345	411,056	877,345	411,056
	<u>-</u>	<u>-</u>	<u>(47,056)</u>	<u>(110,652)</u>	<u>(47,056)</u>	<u>(110,652)</u>
Increase / (decrease) in cash	108,360	68,490	(929)	(7,101)	107,431	61,389
Cash						
Beginning 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>
End of year	\$ 910,213	\$ 801,853	\$ 895	\$ 1,824	911,108	803,677

See accompanying notes to the financial statements

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2022

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, 2022

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 \$1,842 in 2022 (2021 - \$53,131) 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, 2022

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, 2022.

	Nov. 30 2022	Nov. 30 2021
Common Shares	\$ 917,434	\$ 1,181,197
Mutual Funds	42,608	37,337
Foreign Securities	28,936	38,518
	<u>\$ 988,978</u>	<u>\$ 1,257,052</u>

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

	Nov. 30 2022	Nov. 30 2021
Federal	\$ 726,202	\$ 462,284
Corporate	304,242	276,726
	<u>\$ 1,030,444</u>	<u>\$ 739,010</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 \$1,014,243 at November 30, 2022 (2021 - \$742,920).

Summary

	Nov. 30 2022	Nov. 30 2021
Short term investments	\$ 988,978	\$ 1,257,052
Long term investments	1,030,444	739,010
Total investments	<u>\$ 2,019,422</u>	<u>\$ 1,996,062</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2022

4. Fund Balances

Year end fund balances are as follows:

	<u>Nov. 30 2022</u>	<u>Nov.30 2021</u>
Unrestricted Funds	\$ 126,676	\$ 149,917
Land acquisition, trails and capital development	377,825	383,801
Environment projects and conservation awareness	149,375	68,502
Heritage sites operations, maintenance and development	255,538	197,233
Restricted Funds , with externally imposed restrictions	782,738	649,536
Total Unrestricted & Restricted	<u>\$ 909,414</u>	<u>\$ 799,453</u>
Endowment Funds		
The Doreen & Glenn Kilmer Westfield Founders' Trust	\$ 20,092	\$ 20,184
The A.G. Stacey Land Endowment	20,140	18,758
The Dobson-McKee Environmental Education Fund	898,994	881,238
The Eramosa Karst Endowment Fund	1,097,482	1,086,392
	<u>\$ 2,036,708</u>	<u>\$ 2,006,572</u>
Total Fund Balances	<u>\$ 2,946,122</u>	<u>\$ 2,806,025</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:

	Investment Income	
	<u>2022</u>	<u>2021</u>
Doreen and Glenn Kilmer Westfield Founders' Trust	\$ 1,508	\$ 1,515
The A.G. Stacey Land Endowment	577	500
The Dobson McKee Environmental Education Fund	65,713	48,513
Eramosa Karst Endowment Fund	74,624	68,658
	<u>\$ 142,422</u>	<u>\$ 119,186</u>

Hamilton Conservation Foundation

Notes to the Financial Statements

For the year ended November 30, 2022

6. Income tax status

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

For fiscal 2022, 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, 2022, as detailed in Note 3, equity holdings make up 42% of the total investment portfolio with bonds, bond index funds and interest based preferred shares comprising the balance of 58%.

As at November 30, 2022, 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 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.
