Financial Statements of

HAMILTON CONSERVATION FOUNDATION

Year ended November 30, 2025

HAMILTON CONSERVATION FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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, 2025
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

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, 2025, 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, 2025 and 2024, current assets as at November 30, 2025 and 2024, and fund balances as at December 1 and November 30 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended November 30, 2024 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 auditor's report.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.

Other Matter – Comparative Information

The financial statements as at and for the year ended November 30, 2024 were audited by another auditor who expressed an qualified opinion on those financial statements on April 7, 2025.

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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

April 16, 2026

HAMILTON CONSERVATION FOUNDATION

Statement of Financial Position

As at November 30, 2025, with comparative information for 2024

	Unrestricted and Restricted Funds	Endowment Funds	2025 Total	2024 Total
Assets				
Current assets:				
Cash	$ 1,130,237	$ 21,624	$ 1,151,861	$ 875,501
Short-term investments (note 3)	–	1,655,590	1,655,590	1,569,825
Interest and other receivables	–	29,131	29,131	65,633
	1,130,237	1,706,345	2,836,582	2,510,959
Long-term investments (note 3)	–	944,305	944,305	1,041,045
Total assets	$ 1,130,237	$ 2,650,650	$ 3,780,887	$ 3,552,004
Liabilities				
Current liabilities:				
Accounts payable	$ 1,660	$ 3,793	$ 5,453	$ 11,031
Fund balances (note 4)	1,128,577	2,646,857	3,775,434	3,540,973
Total liabilities and fund balances	$ 1,130,237	$ 2,650,650	$ 3,780,887	$ 3,552,004

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

HAMILTON CONSERVATION FOUNDATION

Statement of Operations

For the year ended November 30, 2025, with comparative information for 2024

	Restricted	Unrestricted	Endowment	2025	2024
Revenue:					
Donations and fund raising activities	$ 1,003,043	$ 114,750	$ –	$ 1,117,793	$ 876,018
Investment income (note 5)	–	–	87,274	87,274	123,296
Interest and other	3,516	48,705	–	52,221	67,077
	1,006,559	163,455	87,274	1,257,288	1,066,391
Expenses:					
Grants to Hamilton Conservation Authority	971,915	115,574	–	1,087,489	826,500
Fund raising and administration	–	2,581	16,663	19,244	26,109
Investment loss	–	762	–	762	1,195
	971,915	118,917	16,663	1,107,495	853,804
Excess of revenue over expenses before unrealized gains on investments	34,644	44,538	70,611	149,793	212,587
Unrealized gains on investments	–	–	84,668	84,668	221,662
Excess of revenue over expenses	$ 34,644	$ 44,538	$ 155,279	$ 234,461	$ 434,249

See accompanying notes to the financial statements.

HAMILTON CONSERVATION FOUNDATION

Statement of Changes in Fund Balances

For the year ended November 30, 2025, with comparative information for 2024

	Unrestricted	Restricted	Endowment	2025	2024
Balance beginning of year	$ 203,648	$ 845,747	$ 2,491,578	$ 3,540,973	$ 3,106,724
Excess of revenue over expenses	44,538	34,644	155,279	234,461	434,249
Balance, end of year	$ 248,186	$ 880,391	$ 2,646,857	$ 3,775,434	$ 3,540,973

See accompanying notes to the financial statements.

HAMILTON CONSERVATION FOUNDATION

Statement of Cash Flows

For the year ended November 30, 2025, with comparative information for 2024

	Unrestricted and Restricted Funds 2025	Endowment Funds 2025	Total 2025	Total 2024
Operating activities:				
Excess of revenue over expenses	$ 79,182	$ 155,279	$ 234,461	$ 434,249
Items not affecting cash:				
Unrealized gain on investments	–	(84,668)	(84,668)	(221,662)
Bond amortization	–	–	–	(2,024)
	79,182	70,611	149,793	210,563
Changes in non-cash operating working capital items:				
Interest and other receivables	60	36,442	36,502	(22,661)
Accounts payable	60	(5,638)	(5,578)	3,510
	79,302	101,415	180,717	191,412
Investing activities:				
Purchases of investments	–	(100,445)	(100,445)	(566,900)
Proceeds from dispositions, net	196,088	–	196,088	500,836
	196,088	(100,445)	95,643	(66,064)
Increase in cash	275,390	970	276,360	125,348
Cash, beginning of year	854,847	20,654	875,501	750,153
Cash, end of year	$ 1,130,237	$ 21,624	$ 1,151,861	$ 875,501

See accompanying notes to the financial statements.

HAMILTON CONSERVATION FOUNDATION

Notes to the Financial Statements

For the year ended November 30, 2025

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 as a non-profit charity and is therefore exempt from income taxes. For fiscal 2025, the Foundation met the requirements to maintain this status under the *Income Tax Act* (Canada).

The Foundation was incorporated by Letters Patent on the November 28, 1975, under the name "Conservation Foundation of the Hamilton Region". By an Application for Supplementary Letters Patent on April 10, 2007, the name of the Corporation was amended to "Hamilton Conservation Foundation". On June 25, 2024, Articles of Amendment were filed to transition the Corporation to the *Ontario Not-for-Profit Corporations Act,* 2010.

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:

(a) 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.

(b) 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.

2. Summary of significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

(c) 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 $2,091 in 2025 (2024 - $2,921) and have been included in Donations and fundraising activities and Grants to Hamilton Conservation Authority.

(d) 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.

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 short-term 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. Financial instruments in related party transactions.

(e) Financial instruments - related party:

Financial assets or liabilities in related party transactions are initially measured at cost. The Foundation does not have any financial assets or liabilities in related party transactions which are initially measured at fair value.

2. Summary of significant accounting policies (continued):

(e) Financial instruments - related party (continued):

These instruments are subsequently measured based on how the Foundation initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets.

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, 2025.

	2025	2024
Common shares	$ 1,393,572	$ 1,294,095
Fixed income	169,314	196,088
Mutual funds	56,722	44,150
Foreign securities	35,982	35,492
	$ 1,655,590	$ 1,569,825

The Foundation's long-term investments are also held within the Endowment Funds and are primarily fixed income instruments.

	2025	2024
Federal	$ 583,093	$ 730,582
Corporate	361,212	310,463
	$ 944,305	$ 1,041,045

Fixed income instruments bear interest at a rate between 2.2% and 4.589% with maturity dates ranging from March 2026 to December 2031. The market value of the long-term investments is $953,662 at November 30, 2025 (2024 - $1,024,830).

3. Investments - fair value disclosure (continued):

Summary:

	2025	2024
Short-term investments	$ 1,655,590	$ 1,569,825
Long-term investments	944,305	1,041,045
	$ 2,599,895	$ 2,610,870

4. Fund balances:

Year end fund balances are as follows:

	2025	2024
Unrestricted funds	$ 248,186	$ 203,648
Restricted funds:		
Land acquisition, trails and capital development	401,293	400,324
Environment projects and conservation awareness	178,399	195,174
Heritage sites operations, maintenance and development	300,699	250,249
Restricted Funds, with externally imposed restrictions	880,391	845,747
Total unrestricted and restricted	1,128,577	1,049,395
Endowment funds:		
The Doreen & Glenn Kilmer Westfield Founders' Trust	19,582	20,000
The A.G. Stacey Land Endowment	23,532	22,630
The Dobson-McKee Environmental Education Fund	1,247,060	1,169,721
The Eramosa Karst Endowment Fund	1,356,683	1,279,227
	2,646,857	2,491,578
Total fund balances	$ 3,775,434	$ 3,540,973

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:

	2025	2024
The A.G. Stacey Land Endowment	$ 759	$ 743
The Dobson-McKee Environmental Education Fund	42,079	54,905
The Eramosa Karst Endowment Fund	44,436	67,648
	$ 87,274	$ 123,296

6. Related party transactions:

The Foundation is related to the Hamilton Conservation Authority by virtue of common management. The HCA does not charge the Foundation for rent and management support services.

7. Financial instruments:

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no significant changes in the exposure from the prior year.

The Foundation is exposed to various risks through its financial instruments, as follows:

(a) 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, 2025, as detailed in Note 3, equity holdings make up 57.17% of the total investment portfolio with bonds, bond index funds and interest based preferred shares comprising the balance of 42.83%.

As at November 30, 2025, 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 $148,628.

7. Financial instruments (continued):

(b) 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 Foundation does not use derivative instruments to reduce its exposure to interest rate risk. It is the Foundation's intention to hold the long-term investments to maturity which eliminates exposure to short term swings in interest rates.

(c) 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.

(d) Currency risk:

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in the rate of exchange between Canadian and foreign currencies. Included in investments is $357,048 (2024 - $327,245) in US securities. To protect against this risk, management has developed an investment policy which requires a diversified portfolio to meet specific requirements to limit such risk.

(e) Other price risk:

The Foundation is exposed to certain price risks which cause the fair value of its investments to fluctuate. To protect against this risk, management has developed an investment policy which requires a diversified portfolio to meet specific requirements to limit such risk.