

Financial Statements of

**CONSERVATION HALTON
FOUNDATION**

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of Conservation Halton Foundation

We have audited the accompanying financial statements of Conservation Halton Foundation (the "Foundation") which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Conservation Halton Foundation derives revenue from individual donations and fundraising activities from cash receipts, the completeness of which is not susceptible to 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 revenue, excess of revenue over expenditures, current assets, and net assets.

Qualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Conservation Halton Foundation as at December 31, 2017, and its results of operations and changes in net assets and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
April 18, 2018

CONSERVATION HALTON FOUNDATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 27,957	\$ 84,864
Short-term investments (note 2)	200,000	175,000
Investment in Community Foundations Pooled Funds (note 3)	981,720	920,595
Accounts receivable	634,169	169,432
Prepaid expenses	3,240	3,028
	<u>\$ 1,847,086</u>	<u>\$ 1,352,919</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,000	\$ 4,054
Payable to Conservation Halton (note 4)	649,896	187,749
	<u>653,896</u>	<u>191,803</u>
Net assets:		
Douglas G. Cockburn Endowment Fund (note 3)	981,720	920,595
Internally restricted fund (note 5)	94,773	96,091
Unrestricted fund	116,697	144,430
	<u>1,193,190</u>	<u>1,161,116</u>
	<u>\$ 1,847,086</u>	<u>\$ 1,352,919</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Chair

 Vice-Chair

CONSERVATION HALTON FOUNDATION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Grants and donations	\$ 921,448	\$ 559,895
Sponsorships	128,500	90,000
Donations in kind revenue	46,620	30,328
Book sales	-	4,685
Hydro Microfit Rebate	2,706	2,867
Interest	2,124	1,408
	<u>1,101,398</u>	<u>689,183</u>
Expenses:		
Conservation Halton:		
Children's Water Festival	56,741	51,401
Conservation area enhancements	453,968	5,820
Contribution - administrative (note 4)	20,000	15,000
Donations in kind expenses	4,500	4,500
Land and stewardship	103,000	328,025
Forest festival	58,480	50,927
Mountsberg programs	40,625	18,648
Stewardship projects	377,339	64,459
	<u>1,114,653</u>	<u>538,780</u>
Fundraising and promotional costs:		
Book, cost of sales	-	3,713
Administration	4,891	4,472
Other fundraising	10,905	11,231
	<u>15,796</u>	<u>19,416</u>
Total expenditures	<u>1,130,449</u>	<u>558,196</u>
Excess (deficiency) of revenue over expenses	<u>\$ (29,051)</u>	<u>\$ 130,987</u>

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Endowment Fund	Internally Restricted Fund	Unrestricted Fund	Total 2017	Total 2016
Balance, beginning of year	\$ 920,595	\$ 96,091	\$ 144,430	\$ 1,161,116	\$ 988,671
Excess (deficiency) of revenue over expenditures	-	-	(29,051)	(29,051)	130,987
Transfer from/(to) Unrestricted fund (note 5)	-	(1,318)	1,318	-	-
Net unrealized holding gain	61,125	-	-	61,125	41,458
Balance, end of year	\$ 981,720	\$ 94,773	\$ 116,697	\$ 1,193,190	\$ 1,161,116

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenditures	\$ (29,051)	\$ 130,987
Changes in non-cash operating working capital:		
Accounts receivable	(464,737)	(138,847)
Inventory	-	3,712
Prepaid expenses	(212)	(197)
Accounts payable and accrued liabilities	(54)	700
Payable to Conservation Halton	462,146	47,766
	(31,908)	44,121
Investing:		
Short-term investments	(25,000)	-
Increase (decrease) in cash	(56,907)	44,121
Cash, beginning of year	84,864	40,743
Cash, end of year	\$ 27,957	\$ 84,864

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements

Year ended December 31, 2017

Conservation Halton Foundation (the "not-for-profit corporation") is incorporated without share capital under the Ontario Corporations Act and is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The mission of the Foundation is to raise funds and the profile for Conservation Halton projects and programs that protect and enhance the natural environment.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CPA Handbook. The not for profit corporation's significant accounting policies are as follows:

(a) Revenue recognition:

The Foundation follows the deferred method of accounting for contributions. Donations, special events and sponsorships are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Revenue from sales of books and maps is recognized when title passes to customers, which is at the time the goods are purchased.

(b) Donations in kind:

Donations in kind (non-cash donations) are recorded as contributions at their estimated fair market value at the date of donation or at nominal value when fair market value cannot be reasonably determined.

(c) Inventory:

Inventories were valued at the lower of cost and net realizable value, on a first-in first-out basis.

(d) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of revenue and expenses and provisions for impairment of accounts receivable. Actual results could differ from those estimates.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(e) Internally restricted funds:

Net assets internally restricted by the Board of Directors represents specific initiatives and other provisions. Internally restricted net assets are not available for other purposes without approval of the Board of Directors.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Short-term investments:

Investments are carried at estimated fair value, generally evidenced by the quoted market value. Changes in fair value are included in income investments with a term to maturity of 90 days or less are classified as short-term investments.

(h) Douglas G. Cockburn Endowment Fund:

The Douglas G. Cockburn Endowment Fund was established to provide funding for projects and programs of the Mountsberg Conservation Area. The capital base is invested and intended to be held in perpetuity. Realized investment earnings are available for use by the Foundation, at the discretion of the Board of Directors.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Short-term investments:

The short-term investments are held in a cashable GIC which matures May 23, 2018. The cashable GIC bears interest at 1.56 % per annum and the maturity value is \$201,547.

3. Investment in Community Foundations Pooled Funds - Douglas G. Cockburn Endowment Fund:

	2017	2016
Investment in Burlington Community Foundation	\$ 476,821	\$ 453,660
Investment in Community Foundation of Oakville	504,899	466,935
	<u>\$ 981,720</u>	<u>\$ 920,595</u>

	2017	2016
Investments at market value, beginning of year	\$ 920,595	\$ 879,137
Investment income	80,952	59,176
Administration fees	(19,827)	(17,718)
Net unrealized holding gains	61,125	41,458
Investments at market value, end of year	<u>\$ 981,720</u>	<u>\$ 920,595</u>

Investments in pooled funds have varying interest rates.

Investment income is allocated to Conservation Halton Foundation based on their proportion of capital to the total capital held by the Burlington Community Foundation and the Community Foundation of Oakville. Administration fees charged to Conservation Halton Foundation are approximately 2%.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Transactions with Conservation Halton:

Conservation Halton Foundation pays administrative fees to Conservation Halton for administration services performed by Conservation Halton. Total administrative fees paid during the year were \$20,000 (2016 - \$15,000)

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

The balance due to Conservation Halton is interest-free, unsecured, payable on demand and has arisen from the administrative services noted above and from donations received which were allocated to Conservation Halton.

5. Internally restricted fund:

The Board of Directors has internally restricted funds relating to Conservation Halton programming enhancements and land acquisition projects.

6. Capital disclosures:

The Foundation considers its capital to be its unrestricted, internally restricted and Douglas G. Cockburn Endowment funds. The unrestricted, internally restricted and endowment funds are directed by the Board of Directors. The Foundation's objective when managing its capital is to safeguard its ability to continue as a going concern so it can continue to provide services to our donors and to the community. Annual budgets are developed and monitored to ensure the Foundation's capital is maintained at an appropriate level.

7. Financial risk and concentration of risk:

Market risk:

The Foundation is subject to market risk with respect to its pooled investments. The value of these investments will fluctuate as a result of changes in market prices of the underlying investments or other factors affecting the values of the investments.