

Financial Statements of

**CONSERVATION HALTON  
FOUNDATION**

And Independent Auditors' Report Thereon  
Year ended December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Members of Conservation Halton Foundation

### *Opinion*

We have audited the financial statements of Conservation Halton Foundation (the Foundation), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the 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 the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, and its results of operations and its cash flows then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis of Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.

## ***Auditors' 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 auditors' 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Foundation's 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*

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Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
May 20, 2020

# CONSERVATION HALTON FOUNDATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 93,966	\$ 14,042
Short-term investments (note 2)	206,186	201,895
Investment in Community Foundations Pooled Funds (note 3)	1,069,046	958,806
Accounts receivable (note 4)	39,056	40,567
Prepaid expenses	8,906	3,467
	<u>\$ 1,417,160</u>	<u>\$ 1,218,777</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,200	\$ 4,200
Payable to Conservation Halton (note 6)	112,476	58,723
	<u>116,676</u>	<u>62,923</u>
Net assets:		
Douglas G. Cockburn Endowment (note 3)	1,069,046	958,806
Internally restricted (note 5)	48,373	40,273
Unrestricted	183,065	156,775
	<u>1,300,484</u>	<u>1,155,854</u>
Subsequent event (note 8)		
	<u>\$ 1,417,160</u>	<u>\$ 1,218,777</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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Grants and donations	\$ 302,000	\$ 401,699
Gala	303,620	-
Sponsorships	69,000	52,500
Donations in kind	11,075	-
Hydro Microfit Rebate	149	118
Interest	5,392	3,978
	<u>691,236</u>	<u>458,295</u>
Expenses:		
Conservation Halton:		
Children's Water Festival	31,025	23,163
Conservation area enhancements	15,589	165,782
Contribution - administrative (note 6)	30,000	21,250
Donations in kind	11,075	-
Land and stewardship	235,508	133,934
Forest festival	27,624	4,038
Mountsberg programs	28,500	37,932
Stewardship projects	-	76,267
	<u>379,321</u>	<u>462,366</u>
Fundraising and promotional costs:		
Gala	283,222	-
Administration	5,197	5,165
Other fundraising	9,106	5,186
	<u>297,525</u>	<u>10,351</u>
Total expenditures	<u>694,846</u>	<u>472,717</u>
Excess (deficiency) of revenue over expenses	\$ 14,390	\$ (14,422)

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Endowment	Internally Restricted	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 958,806	\$ 40,273	\$ 156,775	\$ 1,155,854	\$ 1,193,190
Excess (deficiency) of revenue over expenditures	-	-	14,390	14,390	(14,422)
Interfund transfer (notes 3 and 5)	(20,000)	8,100	11,900	-	-
Net unrealized holding gain (loss) (note 3)	130,240	-	-	130,240	(22,914)
Balance, end of year	\$ 1,069,046	\$ 48,373	\$ 183,065	\$ 1,300,484	\$ 1,155,854

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 14,390	\$ (14,422)
Changes in non-cash operating working capital:		
Accounts receivable	1,511	593,602
Prepaid expenses	(5,439)	(227)
Accounts payable and accrued liabilities	-	200
Payable to Conservation Halton	53,753	(591,173)
	64,215	(12,020)
Investing:		
Purchase of short-term investments	(206,186)	(201,895)
Sale of short-term investments	201,895	200,000
Sale of Community Foundation pooled funds	20,000	-
	15,709	(1,895)
Increase (decrease) in cash	79,924	(13,915)
Cash, beginning of year	14,042	27,957
Cash, end of year	\$ 93,966	\$ 14,042

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements

Year ended December 31, 2019

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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 organization in Part III of the CPA Handbook - Accounting. 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.

### (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) Use of estimates:

The preparation of the financial statements 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 revenue 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, 2019

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## 1. Significant accounting policies (continued):

### (d) Internally restricted net assets:

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.

### (e) 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.

### (f) Douglas G. Cockburn Endowment:

The Douglas G. Cockburn Endowment 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, 2019

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## 1. Significant accounting policies (continued):

### (g) New accounting standards:

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations*" resulting in the introduction of three new handbook sections tangible capital assets, intangibles and collections in the Accounting Standards for Not-for-Profit Organizations - Part III of the CPA Handbook.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019. The implementation of the new accounting standards had no impact on the financial statements as the Foundation does not have tangible capital assets, intangibles nor collections.

## 2. Short-term investments:

The short-term investments are held in a cashable Guaranteed Investment Certificate ("GIC") which matures June 29, 2020 (2018 - June 21, 2019). The cashable GIC bears interest at 1.95% (2018 - 2.31%) per annum and the maturity value is \$208,223 (2018 - \$204,221).

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

	2019	2018
Investment in Burlington Community Foundation	\$ 509,868	\$ 462,657
Investment in Community Foundation of Oakville	559,178	496,149
	<u>\$ 1,069,046</u>	<u>\$ 958,806</u>

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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### 3. Investment in Community Foundations Pooled Funds - Douglas G. Cockburn Endowment Fund (continued):

	2019	2018
Investments at market value, beginning of year	\$ 958,806	\$ 981,720
Investment income	148,781	(2,619)
Administration fees	(18,541)	(20,295)
Net unrealized holding gains (loss) recorded in net assets	130,240	(22,914)
Redemption of funds	(20,000)	-
Investments at market value, end of year	\$ 1,069,046	\$ 958,806

During the year, the Board of Directors approved the investment redemption of \$20,000 to fund the Adopt A Raptor campaign.

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%.

### 4. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded at December 31, 2019 \$nil (2018 - \$nil).

### 5. Internally restricted funds:

The Board of Directors has internally restricted funds relating to Conservation Halton programming enhancements and land acquisition projects. During the year a transfer of \$8,100 from unrestricted net assets to internally restricted net assets was made in accordance with the Foundation's policies.

During the year the Board of Directors approved a transfer of \$20,000 from The Douglas G. Cockburn Endowment of previous realized investment earnings to unrestricted net assets.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 6. Related entity:

The Foundation raises funds to finance operations and capital expenditures, as directed by the Foundation's donors and the Board of Directors, for The Halton Region Conservation Authority, operating as Conservation Halton, which is an independent organization. Although the Conservation Halton is a separate entity and disburses funds at the discretion of its own Board of Directors, the Chair, Vice-Chair and a member at large of the Conservation Halton Board of Directors are appointed member of the Foundation Board of Directors according to the Foundation's by-law. The accounts of the Conservation Halton are not included in these financial statements.

Conservation Halton Foundation pays administrative fees to Conservation Halton for administration services performed by Conservation Halton. Total administrative fees paid during the year were \$30,000 (2018 - \$21,250). During 2019, the Foundation contributed \$349,322 (2018 - \$441,116) to fund projects carried out by the Conservation Halton.

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.

## 7. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, credit or cash flow risk arising from its financial instruments.

The Foundation is subject to market risk with respect to its pooled investments that are held at the Community Foundations. 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.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## **8. Subsequent event:**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Experienced temporary declines in the fair value of investments and investment income; and
- Mandatory working from home requirements for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.