

Conservation Halton Foundation
Financial Statements
For the year ended December 31, 2011

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Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenue and Expenditures	5
Summary of Significant Accounting Policies	6 - 7
Notes to Financial Statements	8 - 9



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Independent Auditor's Report

To the Members of Conservation Halton Foundation

We have audited the accompanying financial statements of Conservation Halton Foundation, which comprise the statement of financial position as at December 31, 2011, and the statements of revenue and expenditures and changes in net assets for the year then ended, and 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 generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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.

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

Basis for Qualified Opinion

As is common with many charitable organizations, the Foundation derives revenue from donations and 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. We were unable to determine whether any adjustments might be necessary to revenues other than grants, deficiency of revenue over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Conservation Halton Foundation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Burlington, Ontario
May 16, 2012

**Conservation Halton Foundation
Statement of Financial Position**

December 31 2011 2010

Assets

Current

Cash	\$	59,959	\$	45,504
Short-term investments (Note 2)		200,000		135,000
Investment in Community Foundations Pooled Funds -Douglas G. Cockburn Endowment Fund (Note 3)		648,348		651,915
Accounts receivable		80,026		47,850
Book and map inventories		5,800		17,128
Prepaid expenses		9,401		6,134
		\$ 1,003,534		\$ 903,531

Liabilities and Net Assets


Current

Trade accounts payable	\$	26,618	\$	6,376
Deferred revenue (Note 4)		29,696		15,808
Payable to Conservation Halton (Note 5)		149,107		56,075
		205,421		78,259

Net Assets

Douglas G. Cockburn Endowment Fund (Note 3)	648,348	651,915
Internally restricted fund (Note 6)	36,457	63,440
Unrestricted fund	113,308	109,917
	798,113	825,272
	\$ 1,003,534	\$ 903,531

On behalf of the Board:

Chair 

Vice-Chair 

Conservation Halton Foundation Statement of Changes in Net Assets

For the year ended December 31

	Endowment Fund	Internally Restricted Fund	Unrestricted Fund	2011 Total	2010 Total
Balance, beginning of year	\$ 651,915	\$ 63,440	\$ 109,917	\$ 825,272	\$ 749,795
Excess (deficiency) of revenue over expenditures	-	(38,365)	14,773	(23,592)	35,921
Transfer from Unrestricted Fund (Note 6)	-	11,382	(11,382)	-	-
Net unrealized holding gain (loss)	(3,567)	-	-	(3,567)	39,556
Balance, end of year	\$ 648,348	\$ 36,457	\$ 113,308	\$ 798,113	\$ 825,272

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Conservation Halton Foundation Statement of Revenue and Expenditures

For the year ended December 31	2011	2010
Revenue		
Donations	\$ 291,102	\$ 228,717
Book and map sales	10,220	20,319
Donations in kind	48,680	63,387
Special events	49,960	54,481
Sponsorships	56,100	51,150
Hydro Microfit Rebate	2,511	1,774
Interest	2,173	586
	460,746	420,414
Expenditures		
Conservation Halton		
Celebrate Ontario - Fall Into Nature	34,300	31,200
Children's Water Festival - sponsorships and donations in kind	62,516	60,493
Community projects	-	5,600
Conservation area enhancements	43,260	15,574
Contribution - administrative (Note 5)	21,540	20,975
Crawford Lake education classroom	38,365	-
Donations in kind	20,583	14,821
Mountsberg programs	110,576	52,885
Raptor, reforestation and trail enhancements	6,691	7,420
Watershed Projects	56,473	45,397
	394,304	254,365
Community Projects		
Burlington Blue Creeks Project	20,000	42,500
Fundraising and promotional costs		
Book project and cost of sales	4,716	10,084
Donations in kind	21,681	39,223
Other fundraising costs	14,695	15,868
Special events	16,097	15,502
Administration	12,845	6,951
	70,034	87,628
	484,338	384,493
Excess (deficiency) of revenue over expenditures	\$ (23,592)	\$ 35,921

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Conservation Halton Foundation Summary of Significant Accounting Policies

December 31, 2011

Revenue Recognition	<p>The Foundation follows the deferral 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.</p> <p>Endowment contributions are recognized as direct increases in net assets.</p> <p>Revenue from sales of books and maps is recognized when title passes to customers, which is at the time the goods are purchased.</p>
Donations in Kind	<p>Donations in kind (non-cash donations) are recorded as contributions at their estimated fair market value at the date of donation.</p>
Inventories	<p>Inventories are valued at the lower of cost or net realizable value. Cost is determined on the first-in first-out basis.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Statement of Cash Flows	<p>A statement of cash flows is not presented as in management's opinion, the information is readily apparent from the other financial statements or is adequately disclosed in the notes to the financial statements.</p>
Internally Restricted Funds	<p>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.</p>

Conservation Halton Foundation Summary of Significant Accounting Policies

December 31, 2011

Financial Instruments

The Foundation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amount of the financial instruments approximate their fair value.

Financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale assets or other financial liabilities.

Cash, short-term investments and investment in pooled funds are classified as held-for-trading and carried at fair value. Fair value of cash and short-term investments are recognized at cost plus accrued interest. Fair value of investment in pooled funds is determined based on quoted bid prices as provided by the Community Foundations. In cases where bid price information is not available, the investment has been valued using the final trade price. Transaction costs related to investments are expensed as incurred. The Foundation accounts for its investments on a trade date basis. All other financial instruments are classified as loans and receivables or other financial liabilities. For all other financial instruments, the carrying value approximates fair value due to their short-term nature.

Transaction costs related to financial instruments are expensed as incurred.

Risks arising from Financial Instruments

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.

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

December 31, 2011

1. Nature and Purpose of Foundation

Conservation Halton Foundation's mission is to raise funds and the profile for Conservation Halton projects and programs that protect and enhance the natural environment.

The Foundation is incorporated, without share capital, under the Ontario Corporations Act and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

2. Short-term Investments

The short-term investments are held in a cashable GIC which matures March 20, 2012. The cashable GIC bears interest at 1.23% per annum and the maturity value is \$200,607.

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

	2011	2010
Investment in Burlington Community Foundation	\$ 310,513	\$ 315,078
Investment in Community Foundation of Oakville	337,835	336,837
	\$ 648,348	\$ 651,915
Investments at market value, beginning of year	\$ 651,915	\$ 612,359
Investment income	11,293	54,293
Administration fees	(14,860)	(14,737)
Net unrealized holding gains (losses)	(3,567)	39,556
Investments at market value, end of year	\$ 648,348	\$ 651,915

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

December 31, 2011

4. Deferred Revenue

Deferred revenue is comprised of certain operating fund assets to be used for the funding of future expenses.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 15,808	\$ 46,048
Recognized as revenue	(26,612)	(50,279)
Donations received	<u>40,500</u>	<u>20,039</u>
Balance, end of year	<u>\$ 29,696</u>	<u>\$ 15,808</u>

5. 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 \$21,540 (2010 - \$20,975).

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.

6. Internally Restricted Fund

The Board of Directors has internally restricted funds relating to reforestation, trail enhancement and other programming enhancements. In the current year, these expenses related to the Crawford Lake education classroom.

7. 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.