

Financial Statements of

**CONSERVATION HALTON
FOUNDATION**

Years ended December 31, 2012 and 2011



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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, 2012, December 31, 2011, and January 1, 2011, 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.

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



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Basis for Qualified Opinion

In common with many charitable organizations, Conservation Halton Foundation derives revenue from individual donations and special events 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, 2012, December 31, 2011, and January 1, 2011, 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.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 22, 2013

Waterloo, Canada

CONSERVATION HALTON FOUNDATION

Statement of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

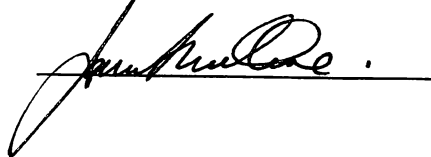
	December 31, 2012	December 31, 2011	January 1, 2011
Assets			
Current assets:			
Cash	\$ 41,005	\$ 59,959	\$ 45,504
Short-term investments (note 3)	200,616	200,000	135,000
Investment in Community Foundations			
Pooled Funds (note 4)	696,496	648,348	651,915
Accounts receivable	31,045	80,026	47,850
Book and map inventories	4,877	5,800	17,128
Prepaid expenses	5,227	9,401	6,134
	<u>\$ 979,266</u>	<u>\$ 1,003,534</u>	<u>\$ 903,531</u>


Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 3,565	\$ 26,618	\$ 6,376
Deferred revenue (note 5)	18,396	29,696	15,808
Payable to Conservation Halton (note 6)	83,328	149,107	56,075
	<u>105,289</u>	<u>205,421</u>	<u>78,259</u>
Net assets:			
Douglas G. Cockburn Endowment Fund (note 3)	696,496	648,348	651,915
Internally restricted (note 7)	48,228	36,457	63,440
Unrestricted	129,253	113,308	109,917
	<u>873,977</u>	<u>798,113</u>	<u>825,272</u>
	<u>\$ 979,266</u>	<u>\$ 1,003,534</u>	<u>\$ 903,531</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Chair

 Vice-Chair

CONSERVATION HALTON FOUNDATION

Statements of Operations and Changes in Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Revenue:		
Donations	\$ 284,146	\$ 291,102
Book and map sales	3,044	10,220
Sponsorships	89,500	56,100
Special events revenue	53,930	49,960
Donations in kind revenue	55,095	48,680
Hydro Microfit Rebate	3,014	2,511
Interest	2,254	2,173
	490,983	460,746
Expenditures:		
Conservation Halton:		
Celebrate Ontario - Fall into Nature	39,500	34,300
Children's Water Festival	58,091	62,516
Conservation area enhancements	93,205	43,260
Contribution - administrative (note 6)	48,355	21,540
Crawford Lake education classroom	1,635	38,365
Donations in kind expenses	10,207	20,583
Mountsberg programs	43,153	110,576
Raptor, reforestation and trail enhancements	8,051	6,691
Watershed Projects	44,705	56,473
Forest Festival	45,550	-
	392,452	394,304
Community Projects:		
Burlington Blue Creeks Project	8,800	20,000
	8,800	20,000
Fundraising and promotional costs:		
Book project and cost of sales	923	4,716
Donations in kind costs	21,797	21,681
Other fundraising costs	13,468	14,695
Special events costs	21,887	16,097
Administration	3,940	12,845
	62,015	70,034
	463,267	484,338
Excess (deficiency) of revenue over expenses	\$ 27,716	\$ (23,592)

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

December 31, 2012	Endowment Fund	Internally Restricted Fund	Unrestricted Fund	Total 2012
Balance, January 1, 2012	\$ 648,348	\$ 36,457	\$ 113,308	\$ 798,113
Excess (deficiency) of revenue over expenditures	-	(1,635)	29,351	27,716
Transfer from Unrestricted fund	-	13,406	(13,406)	-
Net unrealized holding gain (loss)	48,148	-	-	48,148
Balance, December 31, 2012	\$ 696,496	\$ 48,228	\$ 129,253	\$ 873,977

December 31, 2011	Endowment Fund	Internally Restricted Fund	Unrestricted Fund	Total 2011
Balance, January 1, 2011	\$ 651,915	\$ 63,440	\$ 109,917	\$ 825,272
Excess (deficiency) of revenue over expenditures	-	(38,365)	14,773	(23,592)
Transfer from Unrestricted fund	-	11,382	(11,382)	-
Net unrealized holding gain (loss)	(3,567)	-	-	(3,567)
Balance, December 31, 2011	\$ 648,348	\$ 36,457	\$ 113,308	\$ 798,113

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 27,716	\$ (23,592)
Change in non-cash operating working capital:		
Accounts receivable	48,981	(32,176)
Inventories	923	11,328
Prepaid expenses	4,174	(3,267)
Accounts payable and accrued liabilities	(23,053)	20,242
Deferred revenue	(11,300)	13,888
(Decrease) increase in payable to Conservation Halton	(65,779)	93,032
	(18,338)	79,455
Investing:		
Net purchase of short-term investments	(616)	(65,000)
Increase (decrease) in cash and cash equivalents	(18,954)	14,455
Cash, beginning of year	59,959	45,504
Cash, end of year	\$ 41,005	\$ 59,959

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements

Years ended December 31, 2012 and 2011

Conservation Halton Foundation (the "Foundation") 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. Change in accounting standards for not-for-profit organizations:

On January 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

As a result of transitioning to these new standards, there is no impact to the financial statements and thus no transitional adjustments are required to be booked to net assets.

2. Significant accounting policies:

(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) Inventories:

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

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

2. Significant accounting policies (continued):

(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 reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year in which they become known.

(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.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

2. Significant accounting policies (continued):

(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.

3. Short-term investments:

The short-term investments are held in a cashable GIC which matures March 19, 2013. The cashable GIC bears interest at 1.24% per annum and the maturity value is \$201,230.

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

	December 31, 2012	December 31, 2011	January 1, 2011
Investment in Burlington Community Foundation	\$ 334,324	\$ 310,513	\$ 315,078
Investment in Community Foundation of Oakville	362,172	337,835	336,837
	<u>\$ 696,496</u>	<u>\$ 648,348</u>	<u>\$ 651,915</u>

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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

	December 31, 2012	December 31, 2011	January 1, 2011
Investments at market value, beginning of year	\$ 648,348	\$ 651,915	\$ 612,359
Investment income	62,194	11,293	54,293
Administration fees	(14,046)	(14,860)	(14,737)
Net unrealized holding gains (losses)	48,148	(3,567)	39,556
Investments at market value, end of year	\$ 696,496	\$ 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%.

5. Deferred revenue:

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

	December 31, 2012	December 31, 2011	January 1, 2011
Balance, beginning of year	\$ 29,696	\$ 15,808	\$ 46,048
Recognized as revenue	(11,300)	(26,612)	(50,279)
Donations received	-	40,500	20,039
	\$ 18,396	\$ 29,696	\$ 15,808

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

6. 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 \$48,355 (December 31, 2011 - \$21,540; January 1, 2011 - \$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.

7. Internally Restricted Fund:

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

8. 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.

9. 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.