

Financial Statements of

**CONSERVATION HALTON  
FOUNDATION**

Year ended December 31, 2018



KPMG LLP  
115 King Street South  
2nd Floor  
Waterloo ON N2J 5A3  
Canada  
Tel 519-747-8800  
Fax 519-747-8830

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Conservation Halton Foundation

### ***Opinion***

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

- the statement of financial position as at December 31, 2018
- 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 Entity as at December 31, 2018, and its results of operations and its cash flows then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion – for December 31, 2017***

In common with many not-for-profit organizations, the Entity 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at end of December 31, 2017.
- the fundraising revenues and excess of revenues over expenses reported in the statements of operations for the year ended December 31, 2017.
- the unrestricted net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the year ended December 31, 2017.
- the excess of revenues over expenses reported in the statements of cash flows for the year ended December 31, 2017.



Our opinion on the financial statements for the year ended December 31, 2017 was qualified 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.



Page 3

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 Entity'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 Entity'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 Entity'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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
April 24, 2019

# CONSERVATION HALTON FOUNDATION

## Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 14,042	\$ 27,957
Short-term investments (note 2)	201,895	200,000
Investment in Community Foundations Pooled Funds (note 3)	958,806	981,720
Accounts receivable (note 4)	40,567	634,169
Prepaid expenses	3,467	3,240
	<u>\$ 1,218,777</u>	<u>\$ 1,847,086</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,200	\$ 4,000
Payable to Conservation Halton (note 5)	58,723	649,896
	<u>62,923</u>	<u>653,896</u>
Net assets:		
Douglas G. Cockburn Endowment Fund (note 3)	958,806	981,720
Internally restricted fund (note 6)	40,273	94,773
Unrestricted fund	156,775	116,697
	<u>1,155,854</u>	<u>1,193,190</u>
	<u>\$ 1,218,777</u>	<u>\$ 1,847,086</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Grants and donations	\$ 401,699	\$ 921,448
Sponsorships	52,500	128,500
Donations in kind revenue	-	46,620
Hydro Microfit Rebate	118	2,706
Interest	3,978	2,124
	458,295	1,101,398
Expenses:		
Conservation Halton:		
Children's Water Festival	23,163	56,741
Conservation area enhancements	165,782	453,968
Contribution - administrative (note 5)	21,250	20,000
Donations in kind expenses	-	4,500
Land and stewardship	133,934	103,000
Forest festival	4,038	58,480
Mountsberg programs	37,932	40,625
Stewardship projects	76,267	377,339
	462,366	1,114,653
Fundraising and promotional costs:		
Administration	5,165	4,891
Other fundraising	5,186	10,905
	10,351	15,796
Total expenditures	472,717	1,130,449
Deficiency of revenue over expenses	\$ (14,422)	\$ (29,051)

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	Endowment Fund	Internally Restricted Fund	Unrestricted Fund	Total 2018	Total 2017
Balance, beginning of year	\$ 981,720	\$ 94,773	\$ 116,697	\$ 1,193,190	\$ 1,161,116
Deficiency of revenue over expenditures	-	-	(14,422)	(14,422)	(29,051)
Transfer to unrestricted fund (note 6)	-	(54,500)	54,500	-	-
Net unrealized holding gain (loss) (note 3)	(22,914)	-	-	(22,914)	61,125
Balance, end of year	\$ 958,806	\$ 40,273	\$ 156,775	\$ 1,155,854	\$ 1,193,190

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenditures	\$ (14,422)	\$ (29,051)
Changes in non-cash operating working capital:		
Accounts receivable	593,602	(464,737)
Prepaid expenses	(227)	(212)
Accounts payable and accrued liabilities	200	(54)
Payable to Conservation Halton	(591,173)	462,146
	(12,020)	(31,908)
Investing:		
Purchase of short-term investments	(201,895)	(25,000)
Sale of short-term investments	200,000	-
	(1,895)	(25,000)
Decrease in cash	(13,915)	(56,907)
Cash, beginning of year	27,957	84,864
Cash, end of year	\$ 14,042	\$ 27,957

See accompanying notes to financial statements.



# CONSERVATION HALTON FOUNDATION

## Notes to Financial Statements

Year ended December 31, 2018

---

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.

#### (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 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 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, 2018

---

## 1. Significant accounting policies (continued):

### (d) 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.

### (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 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, 2018

## 2. Short-term investments:

The short-term investments are held in a cashable GIC which matures June 21, 2019 (2017 - May 23, 2018). The cashable GIC bears interest at 2.31% (2017 - 1.56%) per annum and the maturity value is \$204,221 (2017 - \$201,547).

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

	2018	2017
Investment in Burlington Community Foundation	\$ 462,657	\$ 476,821
Investment in Community Foundation of Oakville	496,149	504,899
	<u>\$ 958,806</u>	<u>\$ 981,720</u>

	2018	2017
Investments at market value, beginning of year	\$ 981,720	\$ 920,595
Investment income	(2,619)	80,952
Administration fees	(20,295)	(19,827)
Net unrealized holding gains (loss) recorded in net assets	(22,914)	61,125
Investments at market value, end of year	<u>\$ 958,806</u>	<u>\$ 981,720</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, 2018

---

## **4. Accounts receivable:**

No allowance for impairment of accounts receivable has been recorded at December 31, 2018 \$nil (2017 - \$nil).

## **5. 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 \$21,250 (2017 - \$20,000). During 2018, the Foundation contributed \$441,116 (2017 - \$1,094,653) 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.

## **6. Internally restricted fund:**

The Board of Directors has internally restricted funds relating to Conservation Halton programming enhancements and land acquisition projects. During the year the Board of Directors approved a transfer of \$54,500 from internally restricted funds to unrestricted funds for land and stewardship expenses.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2018

---

## **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.