

Financial Statements of

**CONSERVATION HALTON
FOUNDATION**

And Independent Auditors' Report Thereon

Year ended December 31, 2021



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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, 2021
- 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, 2021, 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.



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- 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.

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'.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
April 7, 2022

CONSERVATION HALTON FOUNDATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 93,978	\$ 282,845
Short-term investments (note 2)	309,994	208,224
Investment in Community Foundations Pooled Funds (note 3)	1,268,834	1,146,405
Accounts receivable (note 4)	301,455	22,149
Prepaid expenses	2,153	1,958
	<u>\$ 1,976,414</u>	<u>\$ 1,661,581</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,696	\$ 4,300
Deferred revenue	-	10,000
Payable to Conservation Halton (note 5)	375,078	206,634
	<u>379,774</u>	<u>220,934</u>
Net assets:		
Douglas G. Cockburn Endowment (note 3)	1,268,834	1,146,405
Internally restricted (note 6)	48,074	62,716
Unrestricted	279,732	231,526
	<u>1,596,640</u>	<u>1,440,647</u>
Implications due to COVID-19 (note 8)		
	<u>\$ 1,976,414</u>	<u>\$ 1,661,581</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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Grants and donations	\$ 865,164	\$ 398,417
Gala	227,183	226,147
Sponsorships	37,500	84,050
Donations in kind	22,860	883
Hydro Microfit Rebate	2,793	607
Interest	1,777	3,265
	<u>1,157,277</u>	<u>713,369</u>
Expenses:		
Grants to Conservation Halton:		
Conservation area programs - Gala	46,859	70,944
Conservation area enhancements	132,294	200,237
Contribution - administrative (note 5)	70,326	44,137
Donations in kind	22,860	883
Land, stewardship and partnership projects	633,663	160,032
Forest festival and from the ground up	32,948	41,861
	<u>938,950</u>	<u>518,094</u>
Fundraising and promotional costs:		
Gala	146,153	121,281
Administration	5,250	5,341
Other fundraising	33,360	5,849
	<u>184,763</u>	<u>132,471</u>
Total expenses	<u>1,123,713</u>	<u>650,565</u>
Excess of revenue over expenses	\$ 33,564	\$ 62,804

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Endowment	Internally Restricted	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 1,146,405	\$ 62,716	\$ 231,526	\$ 1,440,647	\$ 1,300,484
Excess of revenue over expenses	–	–	33,564	33,564	62,804
Interfund transfer (note 6)	–	(14,642)	14,642	–	–
Net unrealized holding gain	122,429	–	–	122,429	77,359
Balance, end of year	\$ 1,268,834	\$ 48,074	\$ 279,732	\$ 1,596,640	\$ 1,440,647

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 33,564	\$ 62,804
Changes in non-cash operating working capital:		
Accounts receivable	(279,306)	16,907
Prepaid expenses	(195)	6,948
Accounts payable and accrued liabilities	396	100
Deferred revenue	(10,000)	10,000
Payable to Conservation Halton	168,444	94,158
	(87,097)	190,917
Investing:		
Purchase of short-term investments	(309,994)	(208,224)
Sale of short-term investments	208,224	206,186
	(101,770)	(2,038)
Increase (decrease) in cash	(188,867)	188,879
Cash, beginning of year	282,845	93,966
Cash, end of year	\$ 93,978	\$ 282,845

See accompanying notes to financial statements.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements

Year ended December 31, 2021

Conservation Halton Foundation (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 support and advance Conservation Halton's critical environmental projects that protect our natural assets, connect people with nature and inspire change.

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 Canada 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.

Grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Special events, Hydro Microfit Rebate 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.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Endowment contributions and endowment investment income is recognized as direct increases in net assets.

Unrestricted investment income is recognized as revenue when earned.

(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) 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.

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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.

(d) Short-term investments:

Investments with a term to maturity of 90 days or less are classified as short-term investments.

(e) 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.

(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.

(g) 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, 2021

2. Short-term investments:

The short-term investments were held in a one-year Guaranteed Investment Certificate ("GIC") maturing July 8, 2022 (2020 – July 7, 2021). The GIC bears interest at rates ranging from 0.45% to 0.64% per annum (2020 - 0.85% per annum) and the maturity value is \$311,788 (2020 - \$209,994).

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

	2021	2020
Investment in Burlington Community Foundation	\$ 600,488	\$ 550,873
Investment in Community Foundation of Oakville	668,346	595,532
	<u>\$ 1,268,834</u>	<u>\$ 1,146,405</u>

	2021	2020
Investments at fair value, beginning of year	\$ 1,146,405	\$ 1,069,046
Investment income	144,878	97,543
Administration fees	(22,449)	(20,184)
Net unrealized holding gains recorded in net assets	122,429	77,359
	<u>\$ 1,268,834</u>	<u>\$ 1,146,405</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%.

4. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded at December 31, 2021 (\$nil (2020 - \$nil)).

CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 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 members 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 \$70,326 (2020 - \$44,137). During 2021, the Foundation contributed \$868,624 (2020 - \$473,957) 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, a transfer of \$14,642 from restricted net assets to unrestricted net assets was made in accordance with the Foundation's policies.

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, 2021

8. Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus ("COVID-19") outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Foundation's operations and financial position is not known at this time. There remains uncertainty for the upcoming year regarding the aforementioned items. These impacts could include a decline in future cash flows, changes to the value of financial assets and liabilities, and the use of net assets to sustain operations. An estimate of the financial effect of the pandemic on the Foundation is not practicable at this time.