

Financial Statements of

**CONSERVATION  
HALTON FOUNDATION**

And Independent Auditor's Report thereon

Year ended December 31, 2023



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors 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, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year 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, 2023 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

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

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

### ***Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



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- 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

Kitchener, Canada

April 4, 2024

# CONSERVATION HALTON FOUNDATION

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

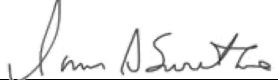
	2023	2022
<b>Assets</b>		
Current assets:		
Cash (note 2)	\$ 390,719	\$ 249,367
Short-term investments (note 3)	300,000	300,000
Accounts receivable (notes 3 and 5)	43,823	39,172
Prepaid expenses	3,175	1,136
	<u>737,717</u>	<u>589,675</u>
Investment in Community Foundations Pooled Funds (note 4)	1,224,575	1,204,889
	<u>\$ 1,962,292</u>	<u>\$ 1,794,564</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,736	\$ 5,000
Payable to Conservation Halton (note 6)	223,000	192,629
Deferred contributions (note 7)	85,580	-
	<u>318,316</u>	<u>197,629</u>
Net assets:		
Douglas G. Cockburn Endowment (note 4)	1,224,575	1,204,889
McCarthy Fund (notes 1 (b)(ii) and 2)	5,260	-
	<u>1,229,835</u>	<u>1,204,889</u>
Internally restricted (note 8)	57,207	54,438
Unrestricted	356,934	337,608
	<u>1,643,976</u>	<u>1,596,935</u>
	<u>\$ 1,962,292</u>	<u>\$ 1,794,564</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, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Grants	\$ 398,317	\$ 215,095
Donations	352,447	372,761
Gala	283,732	334,228
Sponsorships	68,500	38,500
Investment income	29,371	9,827
Donations in kind	18,040	15,071
Hydro Microfit Rebate	2,040	2,489
	<u>1,152,447</u>	<u>987,971</u>
Expenses:		
Grants to Conservation Halton (note 6):		
Land, stewardship and partnership projects	469,079	392,325
Conservation area enhancements	206,124	63,598
Contribution - administrative	155,656	107,158
Conservation area programs - Gala	84,076	94,820
Donations in kind expenses	18,040	15,071
Community outreach and education	47,175	38,375
	<u>980,150</u>	<u>711,347</u>
Fundraising and promotional costs:		
Administration	6,496	5,955
Gala expenses	161,741	179,435
Other fundraising	46,896	26,994
	<u>215,133</u>	<u>212,384</u>
	<u>1,195,283</u>	<u>923,731</u>
Excess (deficiency) of revenue over expenses	<u>\$ (42,836)</u>	<u>\$ 64,240</u>

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Endowments	Internally Restricted	Unrestricted	2023 Total	2022 Total
Net assets, beginning of year \$	1,204,889 \$	54,438 \$	337,608 \$	1,596,935 \$	1,596,640
Excess (deficiency) of revenue over expenses	69	-	(42,905)	(42,836)	64,240
Net unrealized gain (loss) on investment in community foundation pooled funds (note 4)	84,686	-	-	84,686	(63,945)
McCarthy Fund contribution (note 1 (b) (ii))	5,191	-	-	5,191	-
Interfund transfers (notes 4 and 8)	(65,000)	2,769	62,231	-	-
Net assets, end of year	\$ 1,229,835 \$	57,207 \$	356,934 \$	1,643,976 \$	1,596,935

See accompanying notes to financial statements.

# CONSERVATION HALTON FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (42,836)	\$ 64,240
Changes in non-cash operating working capital:		
Accounts receivable	(4,651)	262,283
Prepaid expenses	(2,039)	1,017
Accounts payable and accrued liabilities	4,735	304
Payable to Conservation Halton	30,371	(182,449)
Deferred contributions	85,580	-
	<u>71,160</u>	<u>145,395</u>
Investing:		
Purchase of short-term investments	(200,000)	(300,000)
Sale of short-term investments	200,000	309,994
Sale of Community Foundation pooled funds (note 4)	65,000	-
McCarthy Fund contribution	5,192	-
	<u>70,192</u>	<u>9,994</u>
Increase in cash	141,352	155,389
Cash, beginning of year	249,367	93,978
Cash, end of year	<u>\$ 390,719</u>	<u>\$ 249,367</u>

See accompanying notes to financial statements.



# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements

Year ended December 31, 2023

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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 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 are recognized as direct increases in net assets.

Unrealized gains and losses on investment in the Community Foundations pooled funds are recognized as direct increases in net assets.

Investment income on other endowments are recognized as investment income in the statement of operations.

Unrestricted investment income is recognized as revenue when earned.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Endowments:

#### (i) 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.

#### (ii) McCarthy Fund for Crawford Lake:

The McCarthy Fund for Crawford Lake (McCarthy Fund) was established to provide funding for education and support for Crawford Lake Conservation Area. The donations and any income produced will be accumulated until one of the following two conditions are met:

1. The value of cash and investments meets or exceeds the threshold value of \$25,000; or
2. The funds have existed for a period of five years (commencing March 2023 to March 2028).

If the funds reach \$25,000 before March 2028, the funds will become a permanent endowment, meaning the capital will remain in perpetuity.

If the second criteria is met then the accumulated funds will be moved to a term endowment. A term endowment allows the Board of Directors to approve the use of the accumulated funds (capital and earned income) to fund education and support for Crawford Lake Conservation Area.

### (c) 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.

### (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.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (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 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) 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 revenues 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, 2023

## 2. Cash:

	2023	2022
Cash	\$ 385,459	\$ 249,367
Cash - restricted for McCarthy Fund	5,260	-
	\$ 390,719	\$ 249,367

## 3. Short-term investments:

The short term investments were held in a multiple Guaranteed Investment Certificate ("GIC") maturing between July 29, 2024 to November 7, 2025. The GIC bears interest at rates ranging from 4.75% to 5.88% per annum (2022 - 4.60% to 5.34% per annum) and the maturity value is \$333,434 (2022 - \$319,746). Included in accounts receivable is GIC accrued interest of \$10,204 (2022 - \$4,808).

## 4. Investment in Community Foundations Pooled Funds:

	2023	2022
Investment in Burlington Community Foundation	\$ 577,916	\$ 571,071
Investment in Community Foundation of Oakville	646,659	633,818
Total	\$ 1,224,575	\$ 1,204,889

	2023	2022
Investments at fair value, beginning of year	\$ 1,204,889	\$ 1,268,834
Investment income (loss)	107,272	(41,100)
Administration fees	(22,586)	(22,845)
	84,686	(63,945)
Funds redeemed	(65,000)	-
	\$ 1,224,575	\$ 1,204,889

During the year, the Board of Directors approved the investment redemption of \$65,000 to fund the Mountsberg Boardwalk enhancements.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 4. Investment in Community Foundations Pooled Funds (continued):

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. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded at December 31, 2023 \$nil (2022 - \$nil).

## 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 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 the 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 \$155,656 (2022 - \$107,158). During 2023, the Foundation contributed \$824,494 (2022 - \$604,189) 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.

# CONSERVATION HALTON FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 7. Deferred contributions:

Externally deferred contributions are recognized as revenue in the year in which the related expenses are recognized.

	2023	2022
Externally restricted grants	\$ 85,580	\$ -

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## 8. 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 \$65,000 from endowments to internally and unrestricted net assets was made in accordance with the Foundation's policies.

## 9. 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.

## 10. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.