

HAMILTON NATURALISTS' CLUB
FINANCIAL STATEMENTS
Year Ended April 30, 2018



HAMILTON NATURALISTS' CLUB
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Year Ended April 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hamilton Naturalists' Club

We have audited the accompanying financial statements of Hamilton Naturalists' Club, which comprise the statement of financial position as at April 30, 2018 and the statements of revenues and expenditures and changes in fund balances and cash flows 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 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.

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

In common with many not-for-profit organizations, Hamilton Naturalists' Club derives revenue from donations and 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 Hamilton Naturalists' Club. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year ended April 30, 2018, current assets and net assets as at April 30, 2018.

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 Hamilton Naturalists' Club as at April 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Ancaster, Ontario
September 28, 2018

GIBB WIDDIS CHARTERED ACCOUNTANTS PROFESSIONAL CORPORATION
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

HAMILTON NATURALISTS' CLUB
STATEMENT OF FINANCIAL POSITION
April 30, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 2,746	\$ 6,006
Short term investments <i>(Note 3)</i>	687,912	658,206
Accounts receivable	40,060	12,367
Prepaid expenses	4,120	3,132
	734,838	679,711
Investments - Hamilton Community Foundation <i>(Note 4)</i>	341,137	345,460
Nature sanctuaries <i>(Note 5)</i>	8	8
	\$ 1,075,983	\$ 1,025,179
LIABILITIES		
Current		
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 9,274	\$ 8,637
NET ASSETS		
General Fund <i>(Page 3)</i>	38,347	35,373
Restricted Funds <i>(Page 3)</i>	673,634	616,589
Endowment Funds <i>(Page 3)</i>	354,728	364,580
	1,066,709	1,016,542
	\$ 1,075,983	\$ 1,025,179

Approved on behalf of the Board

_____ *Director*

_____ *Director*

HAMILTON NATURALISTS' CLUB

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended April 30, 2018

	General Fund	Restricted Funds (Schedule 1)	Endowment Funds (Schedule 2)	Total 2018	Total 2017
Revenues					
Membership fees	\$ 12,603	\$ 1,425	\$ 1,500	\$ 15,528	\$ 14,673
Fundraising	2,320	3,385	-	5,705	7,034
Project income	1,000	293,062	-	294,062	262,439
Donations and bequests	5,678	15,153	470	21,301	167,042
Investment	407	2,981	11,927	15,315	32,049
	22,008	316,006	13,897	351,911	483,237
Expenditures					
Bank charges	356	10	-	366	517
Donations	1,015	6,244	-	7,259	3,942
Fundraising	-	482	-	482	529
General meetings	4,215	753	-	4,968	3,849
Insurance	749	2,736	-	3,485	3,572
Investment management fees	-	-	5,249	5,249	4,883
Memberships	288	160	-	448	398
Newsletter	10,046	-	-	10,046	10,286
Office and administration	1,289	7,121	-	8,410	7,560
Professional fees	920	4,797	-	5,717	4,838
Project costs	-	104,717	-	104,717	80,345
Salaries and consulting fees	-	134,870	-	134,870	117,546
Sanctuary maintenance	-	11,125	-	11,125	8,126
Travel	156	2,882	-	3,038	1,523
Volunteer expenses	-	1,564	-	1,564	1,770
	19,034	277,461	5,249	301,744	249,684
Excess of revenues over expenditures before land purchases					
	2,974	38,545	8,648	50,167	233,553
Nature sanctuary purchases					
Anita Dutka-Buchin	-	-	-	-	96,122
Thomas and Mary Young addition	-	-	-	-	5,159
	-	-	-	101,281	101,281
Excess of revenues over expenditures					
	2,974	38,545	8,648	50,167	132,272
Fund balances - beginning of year	35,373	616,589	364,580	1,016,542	884,270
Transfer of investment income earned in the Endowment Funds to Restricted Funds	-	11,000	(11,000)	-	-
Transfers	-	7,500	(7,500)	-	-
Fund balances - end of year	\$ 38,347	\$ 673,634	\$ 354,728	\$ 1,066,709	\$ 1,016,542

HAMILTON NATURALISTS' CLUB
STATEMENT OF CASH FLOWS
Year Ended April 30, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 50,167	\$ 132,272
Changes in non-cash working capital:		
Accounts receivable	(27,693)	2,059
Nature sanctuary deposit	-	10,000
Prepaid expenses	(988)	(1,889)
Accounts payable and accrued liabilities	637	(7,820)
	(28,044)	2,350
Cash flow from operating activities	22,123	134,622
INVESTING ACTIVITIES		
Capitalized value of nature sanctuaries purchased	-	(2)
Change in short term investments	(29,706)	(136,742)
Change in investments - Hamilton Community Foundation	4,323	(36,222)
Cash flow used by investing activities	(25,383)	(172,966)
Decrease in cash	(3,260)	(38,344)
Cash - beginning of year	6,006	44,350
Cash - end of year	\$ 2,746	\$ 6,006

HAMILTON NATURALISTS' CLUB
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2018

1. DESCRIPTION OF OPERATIONS

Hamilton Naturalists' Club (the "Club") is a not-for-profit organization incorporated provincially under the Not-for-profit Corporations Act of Ontario incorporated without share capital by Letters Patent on January 28, 1959. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Club is dedicated to the study, appreciation and conservation of our wild plants and animals in Hamilton and surrounding regions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and in accordance with Canadian generally accepted accounting principles.

Revenue recognition

Hamilton Naturalists' Club follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Restricted or Endowment funds.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the appropriate Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on research activities is recognized as revenue of the Research Fund. Investment income earned on the resources of the Restricted and Endowment Funds is recognized as income of that fund. Other investment income is recognized as revenue of the General Fund when earned.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investment income includes interest, dividends and realized and unrealized gains and losses.

Nature sanctuaries

Nature sanctuaries represent the properties that the Club owns and/or manages to permanently protect their natural heritage values. Expenditures to acquire nature sanctuaries are expensed when acquired. Donations of nature sanctuaries are recorded in the Statement of Revenue and Expenditures at received values.

The nominal amount of \$1 is reflected on the Statement of Financial Position for each nature sanctuary owned by the Club.

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HAMILTON NATURALISTS' CLUB
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund accounting

Hamilton Naturalists' Club follows the restricted fund method of accounting for contributions.

General Fund

The General Fund accounts for the Club's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Restricted Funds

The Restricted Funds report resources restricted by the donor for the purposes outlined below and allocations of resources via interfund transfer that are restricted by the Club's Board of Directors.

- *Conservation and Education Fund*
Accounts for donations or bequests received for, and those related expenditures made for, specific conservation and education purposes.
- *Sanctuary/Land Trust Fund*
Accounts for donations, grants or bequests received for specific sanctuary purposes or special projects, for contract income earned by the Land Trust Manager and for fundraising income. Expenditures from this fund are limited to the maintenance of Club owned nature sanctuaries, non-project expenses of the Head-of-the-Lake Land Trust or for special project expenses. Transfer of funds from the Sanctuary/Land Trust Fund to the Wild Land Acquisition Fund may be made by decision of the Club's Board of Directors. The Board has established that the balance in this Fund shall not be less than \$5,000.
- *Wild Lands Acquisition Fund*
Accounts for donations and bequests received for, and those related expenditures made for, specific wild lands acquisitions.

The Wild Lands Acquisition Fund includes the investments previously held in the Anita Dutka-Buchin Memorial Trust Fund. At April 30, 2017, these investments have a fair value of \$133,726 (2017 - \$83,987).

Endowment Funds

The Endowment Funds report resources contributed for endowment and allocations of resources via interfund transfer that are designated for permanent endowment by the Clubs' Board of Directors.

- *Habitat Preservation Endowment Fund*
Established to support the preservation of natural habitat. The habitat may be either the Club's nature sanctuaries or a contribution to the sanctuary investment of other like-minded organizations. The Board has designated that investment income earned on the resources of this Fund may be spent on sanctuary purchases and to support the Sanctuary/Land Trust Fund.
- *Conservation and Education Endowment Fund*
Established to support conservation and education investment. The Board has designated that investment income earned on the resources of this Fund may be spent on conservation and education projects.
- *Ecological Research Endowment Fund*
Established to generate income to support ecological research.

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HAMILTON NATURALISTS' CLUB
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- *Life Member Endowment Fund*

Accounts for life memberships received. Annual transfers to the General Fund may be made, at the discretion of the Board, up to a maximum amount which is determined to equal the number of life memberships existing during the year multiplied by the current annual dues for an active member.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. SHORT TERM INVESTMENTS

	2018	2017
Tangerine Business Savings Account	\$ 686,913	\$ 658,206
TD Waterhouse Brokerage Account	999	-
	\$ 687,912	\$ 658,206

4. INVESTMENTS - HAMILTON COMMUNITY FOUNDATION

Investments - Hamilton Community Foundation (HCF) represents funds invested with the HCF pursuant to an Agreement for the Establishment and Operation of the Permanent Endowment Funds of the Hamilton Naturalists' Club dated September 11, 2000.

The HCF reports to the Club annually, each March 31, the asset balances and fund activity of the Club's assets invested with HCF. The balances represent values reported by the HCF as at March 31, 2018 and March 31, 2017. Management is of the opinion that the fair value of these investments as at April 30, 2018 and April 30, 2017 is not materially different than the balances reported.

Resources accumulated in the Endowment Funds which are available for distribution total \$70,000 (2017 - \$79,322).

HAMILTON NATURALISTS' CLUB
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2018

5. NATURE SANCTUARIES

	2018	2017
Amaolo Nature Sanctuary	\$ 1	\$ 1
Anita Dutka-Buchin Nature Sanctuary	1	1
Short Hills Wilderness Area	1	1
Short Hills Wilderness Area Addition	1	1
Spooky Hollow Sanctuary	1	1
Spooky Hollow Sanctuary Addition	1	1
Thomas and Mary Young Sanctuary	1	1
Thomas and Mary Young Sanctuary Addition	1	1
	\$ 8	\$ 8

In addition to the above properties owned by the Club, the Club is responsible for the management of the Cartwright and Vinemount Meadows Sanctuaries.

6. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. Source deductions payable at year end amounted to \$1,182 (2017 - \$432).

7. FINANCIAL INSTRUMENTS

With the exception of investments held and managed by the Hamilton Community Foundation, it is management's opinion that the Club is not exposed to significant interest, currency or credit risks arising from financial instruments.

The Club is exposed to the following risks in relation to the investments held at the Hamilton Community Foundation:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Market risk

The Club is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices or other factors affecting the value of the investments.

Credit risk

The Club is exposed to normal credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Club's financial instruments that are exposed to concentrations of credit risk relate primarily to fixed income investments. The Hamilton Community Foundation manages the risk by limiting the credit exposure allowed by the fixed income managers.

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HAMILTON NATURALISTS' CLUB
NOTES TO FINANCIAL STATEMENTS
Year Ended April 30, 2018

7. FINANCIAL INSTRUMENTS *(continued)*

Currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. The Club is exposed to currency risk on its foreign market equities as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Hamilton Community Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio.

There have been no changes in the Club's risk exposures from the prior year.



HAMILTON NATURALISTS' CLUB
RESTRICTED FUNDS REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES (Schedule 1)
Year Ended April 30, 2018

	Conservation and Education	Sanctuary/Land Trust	Wild Lands Acquisition	Total 2018	Total 2017
Revenues					
Membership fees	\$ -	\$ 1,425	\$ -	\$ 1,425	\$ 1,465
Fundraising	771	2,614	-	3,385	5,023
Project income	14,545	229,275	49,242	293,062	261,439
Donations and bequests	1,455	7,999	5,699	15,153	154,080
Investment	154	1,885	942	2,981	3,068
	16,925	243,198	55,883	316,006	425,075
Expenditures					
Bank charges	-	10	-	10	-
Donations	100	1,144	5,000	6,244	3,262
Fundraising	-	482	-	482	529
General meetings	-	753	-	753	395
Insurance	796	1,940	-	2,736	2,870
Memberships	140	20	-	160	150
Office and administration	45	7,076	-	7,121	5,181
Professional fees	920	3,877	-	4,797	3,801
Project costs	4,062	100,655	-	104,717	79,611
Salaries and consulting fees	-	134,870	-	134,870	117,546
Sanctuary maintenance	-	11,125	-	11,125	8,126
Travel	-	2,882	-	2,882	1,523
Volunteer expenses	-	1,564	-	1,564	1,659
	6,063	266,398	5,000	277,461	224,653
Excess (deficiency) of revenues over expenditures before land purchases	10,862	(23,200)	50,883	38,545	200,422
Nature sanctuary purchases					
Anita Dutka-Buchin	-	-	-	-	96,122
Thomas and Mary Young addition	-	-	-	-	5,159
	-	-	-	-	101,281
Excess (deficiency) of revenues over expenditures	10,862	(23,200)	50,883	38,545	99,141
Fund balances - beginning of year	41,625	393,645	181,319	616,589	529,948
Transfer of investment income earned in the Endowment Funds to appropriate Restricted Funds	4,000	3,500	3,500	11,000	7,500
Transfer	2,500	2,500	2,500	7,500	(20,000)
Fund balances - end of year	\$ 58,987	\$ 376,445	\$ 238,202	\$ 673,634	\$ 616,589

HAMILTON NATURALISTS' CLUB

ENDOWMENT FUNDS REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES

(Schedule 2)

Year Ended April 30, 2018

	Habitat Preservation	Conservation Education	Ecological Research	Life Member	Total 2018	Total 2017
Revenues						
Membership fees	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ 1,500
Donations and bequests	360	80	30	-	470	1,110
Investment	8,487	2,133	1,307	-	11,927	28,605
	8,847	2,213	1,337	1,500	13,897	31,215
Expenditures						
Investment management fees	3,676	963	610	-	5,249	4,883
Excess of revenues over expenditures	5,171	1,250	727	1,500	8,648	26,332
Fund balances - beginning of year	243,116	63,447	40,252	17,765	364,580	-
Transfer of investment income earned in the Endowment Funds to appropriate Restricted Funds	(7,000)	(3,000)	(1,000)	-	(11,000)	-
Transfer to Restricted Funds	(5,000)	(2,000)	(500)	-	(7,500)	-
Fund balances - end of year	\$ 236,287	\$ 59,697	\$ 39,479	\$ 19,265	\$ 354,728	\$ 26,332