

**HAMILTON NATURALISTS' CLUB**  
**FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**



**HAMILTON NATURALISTS' CLUB**  
**INDEX TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Hamilton Naturalists' Club

### *Qualified Opinion*

We have audited the financial statements of Hamilton Naturalists' Club, which comprise the statement of financial position as at April 30, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at April 30, 2019, 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.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the 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 the Club. Therefore, we were not able to determine whether any adjustments might be necessary to donations and bequests and fundraising revenue, (deficiency) excess of revenues over expenses, and cash flows (used by) from operations for the year ended April 30, 2019, current assets and net assets as at April 30, 2019. Our audit opinion on the financial statements for the year ended April 30, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 report. We are independent of the Club 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Club's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

(continues)

Independent Auditor's Report to the Members of Hamilton Naturalists' Club *(continued)*

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 these 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 Club'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 Club'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 Club 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.

We 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.



Ancaster, Ontario  
October 3, 2019

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, 2019**

	2019	2018
<b>ASSETS</b>		
Current		
Cash	\$ 31,572	\$ 2,746
Short term investments <i>(Note 3)</i>	561,268	687,912
Accounts receivable	13,203	40,060
Prepaid expenses	6,170	4,120
	<b>612,213</b>	734,838
Investments - Hamilton Community Foundation <i>(Note 4)</i>	345,611	341,137
Nature sanctuaries <i>(Note 5)</i>	9	8
	<b>\$ 957,833</b>	<b>\$ 1,075,983</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 7,018	\$ 9,274
Deferred revenue	3,225	-
	<b>10,243</b>	9,274
<b>NET ASSETS</b>		
General Fund <i>(Page 5)</i>	56,655	38,347
Restricted Fund <i>(Schedule 1) (Page 5)</i>	530,424	673,634
Endowment Funds <i>(Schedule 2) (Page 5)</i>	360,511	354,728
	<b>947,590</b>	1,066,709
	<b>\$ 957,833</b>	<b>\$ 1,075,983</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**HAMILTON NATURALISTS' CLUB**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**Year Ended April 30, 2019**

	General Fund	Restricted Funds (Schedule 1)	Endowment Funds (Schedule 2)	2019	2018
<b>Revenues</b>					
Project grants	\$ 1,600	\$ 264,987	\$ -	\$ 266,587	\$ 294,062
Donations and bequests	24,131	33,013	215	57,359	21,301
Investment income	119	6,324	18,887	25,330	15,315
Membership fees	11,887	1,535	874	14,296	15,528
Fundraising	1,594	5,335	-	6,929	5,705
	39,331	311,194	19,976	370,501	351,911
<b>Expenditures</b>					
Bank charges	319	-	-	319	366
Donations	200	1,887	-	2,087	7,259
Fundraising	-	286	-	286	482
General meetings	3,905	853	-	4,758	4,968
Insurance	667	2,826	-	3,493	3,485
Investment management fees	-	-	5,193	5,193	5,249
Memberships	248	495	-	743	448
Newsletter	9,467	-	-	9,467	10,046
Office and administration	3,266	11,156	-	14,422	8,410
Professional fees	920	6,158	-	7,078	5,717
Project costs	1,813	63,510	-	65,323	104,717
Salaries and consulting fees	-	139,568	-	139,568	134,870
Sanctuary maintenance	-	3,891	-	3,891	11,125
Travel	-	1,356	-	1,356	3,038
Volunteer	218	566	-	784	1,564
	21,023	232,552	5,193	258,768	301,744
<b>Excess of revenues over expenditures before nature sanctuary purchase</b>					
	18,308	78,642	14,783	111,733	50,167
Hayesland Swamp Nature Sanctuary	-	(230,852)	-	(230,852)	-
<b>Excess (deficiency) of revenues over expenses</b>					
	\$ 18,308	\$ (152,210)	\$ 14,783	\$ (119,119)	\$ 50,167

**HAMILTON NATURALISTS' CLUB**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year Ended April 30, 2019**

	<b>General Fund</b>	<b>Restricted Funds (Schedule 1)</b>	<b>Endowment Funds (Schedule 2)</b>	<b>2019</b>	<b>2018</b>
<b>Fund balances - beginning of year</b>	\$ 38,347	\$ 673,634	\$ 354,728	\$ <b>1,066,709</b>	\$ 1,016,542
Excess (deficiency) of revenues over expenditures	18,308	(152,210)	14,783	<b>(119,119)</b>	50,167
Transfer of investment income earned in the Endowment Funds to Restricted Funds	-	9,000	(9,000)	-	-
<b>Fund balances - end of year</b>	\$ 56,655	\$ 530,424	\$ 360,511	\$ <b>947,590</b>	\$ 1,066,709

**HAMILTON NATURALISTS' CLUB**  
**STATEMENT OF CASH FLOWS**  
**Year Ended April 30, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Deficiency (excess) of revenues over expenditures	\$ (119,119)	\$ 50,167
Changes in non-cash working capital:		
Accounts receivable	26,857	(27,693)
Prepaid expenses	(2,050)	(988)
Accounts payable and accrued liabilities	(2,256)	637
Deferred revenue	3,225	-
	<b>25,776</b>	<b>(28,044)</b>
Cash flow (used by) from operating activities	<b>(93,343)</b>	22,123
<b>INVESTING ACTIVITIES</b>		
Capitalized value of nature sanctuaries purchased	(1)	-
Change in short term investments	126,644	(29,706)
Change in investments - Hamilton Community Foundation	(4,474)	4,323
Cash flow from (used by) investing activities	<b>122,169</b>	<b>(25,383)</b>
<b>Increase (decrease) in cash</b>	<b>28,826</b>	<b>(3,260)</b>
Cash - beginning of year	<b>2,746</b>	6,006
<b>Cash - end of year</b>	<b>\$ 31,572</b>	<b>\$ 2,746</b>



**HAMILTON NATURALISTS' CLUB**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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1. PURPOSE OF THE ORGANIZATION

Hamilton Naturalists' Club (the "Club") is a not-for-profit organization incorporated without share capital by Letters Patent on January 28, 1959 under the laws of the Province of Ontario. As a registered charity the Club 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 the 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 and are 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 Fund.

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.

Investment income earned on the resources of each Fund is recognized as revenue of the appropriate Fund when earned.

Annual membership fees are recognized in revenue when received.

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**HAMILTON NATURALISTS' CLUB**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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

**Fund accounting**

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

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 the support of conservation and public education projects.

- *Sanctuary/Land Trust Fund*

Accounts for the maintenance of Club owned nature sanctuaries, non-project expenses of the Head-of-the-Lake Land Trust, and for special project expenses. The Board has established that the balance in this Fund shall not be less than \$5,000.

- *Wild Lands Acquisition Fund*

Accounts for the acquisition and permanent protection of lands for conservation.

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 Club's 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.

- *Life Member Endowment Fund*

(*continues*)



**HAMILTON NATURALISTS' CLUB**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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

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.

**Financial instruments**

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.

**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 expenditures 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

	2019	2018
Tangerine Business Savings Account	\$ 543,268	\$ 686,913
TD Waterhouse Brokerage Account - Guaranteed Investment Certificates	18,000	-
TD Waterhouse Brokerage Account - Securities	-	999
	<b>\$ 561,268</b>	<b>\$ 687,912</b>



**HAMILTON NATURALISTS' CLUB**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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, 2019 and March 31, 2018. Management is of the opinion that the fair value of these investments as of April 30, 2019 and April 30, 2018 are not materially different than the balances reported.

Resources accumulated in the Endowment Funds which are available for distribution total \$70,475 (2018 - \$70,000).

5. NATURE SANCTUARIES

	2019	2018
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
Hayesland Swamp Nature Sanctuary	1	-
	<b>\$ 9</b>	<b>\$ 8</b>

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

6. 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 credit, market, currency or interest risks arising from financial instruments.

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

***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. The Club's financial instruments that are exposed to concentrations of credit risk relate primarily to investments. The Hamilton Community Foundation manages the risk by limiting the credit exposure allowed by the income managers.

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**HAMILTON NATURALISTS' CLUB**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended April 30, 2019**

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6. FINANCIAL INSTRUMENTS (*continued*)

***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.

***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.

***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.

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, 2019**

	Conservation and Education	Sanctuary/Land Trust	Wild Lands Acquisition	Total 2019	Total 2018
<b>Revenues</b>					
Project grants	\$ 400	\$ 264,587	\$ -	\$ 264,987	\$ 293,062
Donations and bequests	15,935	8,260	8,818	33,013	15,153
Investment	262	4,654	1,409	6,324	2,981
Membership fees	-	1,535	-	1,535	1,425
Fundraising	2,032	3,303	-	5,335	3,385
	18,629	282,339	10,227	311,194	316,006
<b>Expenditures</b>					
Bank charges	-	-	-	-	10
Donations	700	1,187	-	1,887	6,244
Fundraising	-	286	-	286	482
General meetings	-	853	-	853	753
Insurance	942	1,884	-	2,826	2,736
Membership	142	353	-	495	160
Office and administration	3,717	7,440	-	11,156	7,121
Professional fees	920	3,357	1,881	6,158	4,797
Project costs	11,846	51,664	-	63,510	104,717
Salaries and consulting fees	6,814	132,754	-	139,568	134,870
Sanctuary maintenance	-	3,891	-	3,891	11,125
Travel	25	1,331	-	1,356	2,882
Volunteer	20	546	-	566	1,564
	25,126	205,546	1,881	232,552	277,461
<b>Excess (deficiency) of revenues over expenditures before nature sanctuary purchase</b>					
	(6,497)	76,793	8,346	78,642	38,545
Hayesland Swamp Nature Sanctuary	-	(2,910)	(227,942)	(230,852)	-
<b>Excess (deficiency) of revenues over expenditures</b>					
	(6,497)	73,883	(219,596)	(152,210)	38,545
Fund balances - beginning of year	58,987	376,445	238,202	673,634	616,589
Transfer of investment income earned in the Endowment					
Fund to appropriate Restricted Funds	3,000	3,000	3,000	9,000	11,000
Transfer	-	-	-	-	7,500
<b>Fund balances - end of year</b>	\$ 55,490	\$ 453,328	\$ 21,606	\$ 530,424	\$ 673,634

**HAMILTON NATURALISTS' CLUB**

**ENDOWMENT FUNDS REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**

**Year Ended April 30, 2019**

*(Schedule 2)*

	Habitat Preservation	Conservation Education	Ecological Research	Life Member	<b>Total 2019</b>	Total 2018
<b>Revenues</b>						
Donations and bequests	\$ 150	\$ 65	\$ -	\$ -	\$ 215	\$ 470
Investment	13,250	3,336	2,081	219	18,887	11,927
Membership fees	-	-	-	874	874	1,500
	13,400	3,401	2,081	1,093	19,976	13,897
<b>Expenditures</b>						
Investment management fees	3,647	938	607	-	5,193	5,249
<b>Excess of revenues over expenditures</b>	9,753	2,463	1,474	1,093	14,783	8,648
Fund balances - beginning of year	236,287	59,697	39,479	19,265	354,728	364,580
Transfer of investment income earned in the Endowment Funds to appropriate Restricted Funds	(6,000)	(2,000)	(1,000)	-	(9,000)	(11,000)
Transfer to Restricted Funds	-	-	-	-	-	(7,500)
<b>Fund balances - end of year</b>	\$ 240,040	\$ 60,160	\$ 39,953	\$ 20,358	\$ 360,511	\$ 354,728