

HAMILTON NATURALISTS' CLUB

FINANCIAL STATEMENTS

APRIL 30, 2011

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CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenue and Expenditures and Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8

INDEPENDENT AUDITOR'S REPORT

To the Members:
Hamilton Naturalists' Club

Report on the Financial Statements

I have audited the accompanying financial statements of Hamilton Naturalists' Club, which comprise the statement of financial position as at April 30, 2011 and the statements of revenue and expenditures and net assets 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 generally accepted accounting principals, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Club derives revenue from donations and fund-raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of donations and fund-raising revenue was limited to the amounts recorded in the records of the Club, and I was not able to determine whether any adjustments might be necessary to donations and fund raising revenue and net assets.

Qualified Opinion

In my 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 the Hamilton Naturalists' Club as at April 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**HAMILTON NATURALISTS' CLUB
STATEMENT OF FINANCIAL POSITION
AS AT APRIL 30, 2011**

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT		
Cash	\$ 12,406	\$ 21,617
Investments (Note 5)	372,513	289,352
Receivables	7,440	1,031
Prepaid Expenses	<u>6,328</u>	<u>5,320</u>
	398,687	317,320
PROPERTY, PLANT AND EQUIPMENT		
(Note 6)	<u>7</u>	<u>6</u>
	<u>\$ 398,694</u>	<u>\$ 317,326</u>
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	<u>\$ 5,123</u>	<u>\$ 8,758</u>
NET ASSETS		
RESTRICTED NET ASSETS		
(Note 4)	5,000	-
UNRESTRICTED NET ASSETS		
	<u>388,571</u>	<u>308,568</u>
	<u>393,571</u>	<u>308,568</u>
	<u>\$ 398,694</u>	<u>\$ 317,326</u>
APPROVED ON BEHALF OF THE BOARD:		
_____ Director		
_____ Director		

The accompanying notes are an integral part of these financial statements

HAMILTON NATURALISTS' CLUB
STATEMENT OF REVENUE AND EXPENDITURES AND NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>2011</u>	<u>2010</u>
REVENUE		
Membership Fees	\$ 11,884	\$ 13,409
Project Grants	158,941	46,431
Donations and Bequests	39,550	66,838
Fund-raising	11,806	14,408
Interest and Dividends	5,030	3,108
Endowment Funds	26,810	60
Amaolo Nature Sanctuary	225,000	-
Other	<u>158</u>	<u>-</u>
	<u>479,179</u>	<u>144,254</u>
EXPENDITURES		
Project Costs	117,147	73,858
Hamilton Community Foundation	25,210	-
Amaolo Nature Sanctuary	224,999	-
Office, Administration and Telephone	1,957	2,136
Bank Charges, Legal, Insurance, Audit	5,875	6,837
General Meetings	2,675	2,876
Newsletter	7,190	7,213
Publicity	102	661
90th Anniversary Event	-	3,720
Donations	3,000	2,629
Land Trust Operations	14,297	5,228
Field Events	203	301
Realized and Unrealized Gains on Investments	(11,662)	(11,460)
Other	<u>3,183</u>	<u>3,715</u>
	<u>394,176</u>	<u>97,714</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	85,003	46,540
NET ASSETS, BEGINNING OF THE YEAR	<u>308,568</u>	<u>262,028</u>
NET ASSETS, END OF THE YEAR (Note 7)	<u>\$ 393,571</u>	<u>\$ 308,568</u>

The accompanying notes are an integral part of these financial statements

**HAMILTON NATURALISTS' CLUB
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2011**

	<u>2011</u>	<u>2010</u>
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Excess of Revenue Over Expenditures	\$ <u>85,003</u>	\$ <u>46,540</u>
CHANGES IN NON-CASH WORKING CAPITAL		
BALANCES		
Accounts Payable and Accrued Liabilities	(3,634)	3,129
Prepaid Expenses	(1,008)	-
Receivables	<u>(6,410)</u>	<u>4,374</u>
	<u>(11,052)</u>	<u>7,503</u>
	<u>73,951</u>	<u>54,043</u>
FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(1)	-
Investments	<u>(83,161)</u>	<u>(88,298)</u>
	<u>(83,162)</u>	<u>(88,298)</u>
NET DECREASE IN CASH	(9,211)	(34,255)
CASH, BEGINNING OF THE YEAR	<u>21,617</u>	<u>55,872</u>
CASH, END OF THE YEAR	\$ <u>12,406</u>	\$ <u>21,617</u>

The accompanying notes are an integral part of these financial statements

**HAMILTON NATURALISTS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011**

1. NATURE OF ORGANIZATION

The Hamilton Naturalists' Club is an incorporated non-profit organization dedicated to the study, appreciation and conservation of our wild plants and animals in Hamilton and surrounding regions. All work is freely done by Directors, Officers and Volunteers.

The Club is a registered charity and is exempt from income tax provided it continues to maintain its charitable status.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Outlined below are those policies considered particularly significant for the Company.

(a) Restricted Fund Accounting

The General Fund accounts for current operations and programs as well as the Club's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.

The Conservation and Education Fund accounts for donations or bequests received for, and those related expenditures made for, specific conservation and education purposes. Transfers from the Fund are subject to Board approval.

The Sanctuary/Land Trust Fund accounts for donations, grants or bequests received for specific sanctuary purposes or special projects. Expenditures from this fund are limited to the acquisition of lands, the assistance in acquisition of lands or property interests in lands which will be used for nature reserve purposes or wildlife sanctuaries in accordance with the objects of the Club, for the maintenance of Club-owned nature sanctuaries or for special projects. The balance in this fund shall be not less than \$5,000. Transfers from the Fund are subject to Board approval.

The Life Member Endowment Fund accounts for life memberships received. Annual transfers to the General Fund are allowed to equal the number of life memberships received during the year multiplied by the current annual dues for an active member but may be less. Expenditures from the fund are subject to Board approval.

The Wild Lands Acquisition Fund accounts for donations or bequests received for and those related expenditures made for specific wild lands acquisitions. Transfers from the Fund are subject to Board approval.

The Nature Walk for Our Environment Fund accounts for donations or bequests received and for those related expenditures made, for the annual Walkathon. Transfers from the Fund are subject to Board approval.

The Anita Dutka-Buchin Memorial Trust Fund accounts for donations of cash or donations or bequests received in the form of publicly traded securities and investment income earned thereon, held in a brokerage account, for eventual transfer to the Wild Lands Acquisition Fund.

The Habitat Preservation Endowment Fund accounts for donations or bequests received in the form of publicly traded securities and investment income earned thereon, held in a brokerage account, for eventual transfer to the external Hamilton Naturalists' Club Habitat Preservation Endowment Fund at the Hamilton Community Foundation.

**HAMILTON NATURALISTS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(a) Restricted Fund Accounting - continued

These internally restricted fund balances are not available for any purpose, other than that specified by the fund name, unless that other purpose is approved by the Board.

(b) Cash

Cash is comprised of cash on hand, demand deposits, and investments with an original maturity of less than three months.

(c) Investments

The company follows the fair value method of accounting for its investments. Realized and unrealized gains and losses are shown on the statement of revenue and expenditures and net assets.

(d) Property, Plant and Equipment

Expenditures to acquire property, plant and equipment are charged to the statement of revenue and expenditures and surplus as incurred and the nominal amount of \$1 shown on the statement of financial position.

During the year a donation of environmentally sensitive land was made to the Club by George Mario Amaolo at a receipted value of \$225,000 under the Ecological Gifts Program. The new Amaolo Nature Sanctuary is recorded in revenues at \$225,000, in expenditures at \$224,999 and in property, plant and equipment (note 6) at \$1.

(e) Pledges

Donations pledged are not recorded in the financial statements until they are received.

(f) Donated Materials and Services

The value of donated materials and services is not recorded in the financial statements because of the difficulty in determining their fair value.

(g) Revenue Recognition

Membership fees, project grants, donations and bequests, fund-raising, endowment fund, and other revenue is recognized when received.

Interest and dividend revenue is recognized as earned.

3. FINANCIAL INSTRUMENTS

Financial assets are classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities are classified as held-for-trading or other.

Financial instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in net income.

Financial assets classified as held-to-maturity or as loans and receivable and financial liabilities not classified as held-for-trading are measured at amortized cost.

Available-for-sale financial assets are measured at fair value.

**HAMILTON NATURALISTS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011**

3. FINANCIAL INSTRUMENTS - continued

The Club has classified and measured its financial instruments as follows:

Cash	Held-for-trading	Fair value
Investments	Held-for-trading	Fair value
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The fair value of these financial instruments is equal to their carrying amounts because of their short terms to maturity.

4. RESTRICTED NET ASSETS

The Sanctuary fund includes \$5,000 which must be maintained by the Club at all times.

	<u>2011</u>	<u>2010</u>
5. INVESTMENTS		
TD Canada Trust Money Market Mutual Funds	\$ 70,085	\$ 41,148
ING Direct Business Investment Savings Accounts	238,388	189,215
TD Waterhouse Broker's Account	<u>64,040</u>	<u>58,989</u>
	<u>\$ 372,513</u>	<u>\$ 289,352</u>

Investments are stated at fair market value.
Interest earned during the year approximated 1.25%

**6. PROPERTY, PLANT AND EQUIPMENT
(At Nominal Amounts)**

Equipment	\$ 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
Amaolo Nature Sanctuary	<u>1</u>	<u>-</u>
	<u>\$ 7</u>	<u>\$ 6</u>

7. FUND BALANCES

Anita Dutka-Buchin Memorial Trust	\$ 92,840	\$ 58,944
Conservation and Education	42,582	49,585
Life Member Endowment	13,265	12,515
General	24,984	27,224
Habitat Preservation Endowment	-	9,047
Sanctuary/Land Trust	169,122	98,512
Nature Walk for Our Environment	-	2,460
Wild Lands Acquisition	<u>50,778</u>	<u>50,281</u>
	<u>\$ 393,571</u>	<u>\$ 308,568</u>

**HAMILTON NATURALISTS' CLUB
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011**

7. FUND BALANCES - continued

During the year the Club made the following inter-fund transfers:

\$158 (\$139 in 2010) from the Life Member Endowment Fund to the General Fund for general Club operations.

\$0 (\$9,003 in 2010) from the Anita Dutka-Buchin Memorial Trust Fund TD Waterhouse Broker account to the Wild Lands Acquisition Fund ING Direct Business Investment Savings Account.

\$19,734 (\$0 in 2010) from the Anita Dutka-Buchin Memorial Trust Fund TD Waterhouse Broker account to the Wild Lands Acquisition Fund TD Canada Trust Business Chequing account.

\$12,918 (\$0 in 2010) from the Habitat Preservation Endowment Fund TD Waterhouse Broker account to the Habitat Preservation Endowment Fund TD Canada Trust Business Chequing account.

\$0 (\$2,604 in 2010) from the General Fund to the Habitat Preservation Endowment Fund.

\$2,748 (\$0 in 2010) from the Nature Walk for Our Environment Fund TD Canada Trust Business Chequing account to the General Fund TD Canada Trust Business Chequing account.

8. COMMITMENTS

The Club enters into contracts for services several of which have expired during the year. The following contract was still in force at the end of the fiscal year:

Land Trust Program Coordinator with Jennifer Baker to coordinate the Head-of-the-Lake Land Trust Program and related projects to July 15, 2011.

9. CAPITAL DISCLOSURES

Capital is the sum of Restricted and Unrestricted Net Assets. The Club's objectives when managing capital are to hold sufficient unrestricted net assets to enable it to meet its obligations as they become due. Investments are comprised of cash and publicly traded shares stated at fair market value.

10. AGREEMENTS WITH THE HALTON REGION CONSERVATION AUTHORITY (THRCA)

On December 17, 2004 the Club and THRCA entered into a Conservation Agreement regarding the Cartwright Property. The agreement ensures the protection, maintenance, restoration and enhancement of the natural features of the Lands and prevents any use of the Lands which will damage those natural features or prevent their restoration and enhancement.

The Club and THRCA have also signed a Management Agreement under which they will jointly manage and administer the Cartwright Property and the adjoining Nicholson Property which is also owned by THRCA.