Financial Statements of

THE NIAGARA PENINSULA CONSERVATION FOUNDATION

And Independent Auditors' Report thereon

Year ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Niagara Peninsula Conservation Foundation

Qualified Opinion

We have audited the financial statements of The Niagara Peninsula Conservation Foundation (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 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 Entity as at December 31, 2022, 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 Entity derives revenue from 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Matter – Comparative Information

The financial statements for the year ended end of December 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statement on July 7, 2022 due to the matter described in the ***"Basis for Qualification Opinion"*** section.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 qualified 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 Entity'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 Entity'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 Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 29, 2023

THE NIAGARA PENINSULA CONSERVATION FOUNDATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	$ 131,591	$ 133,018
Restricted investments - endowment fund (note 2)	76,886	87,768
Accounts receivables (note 3)	9,729	743
	$ 218,206	$ 221,529
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	$ 23,063	$ 27,031
Deferred revenue (note 5)	5,000	–
	28,063	27,031
Fund balances:		
Endowment fund	76,886	87,768
Externally restricted fund	70,124	68,644
Unrestricted fund	43,133	38,086
	190,143	194,498
	$ 218,206	$ 221,529

See accompanying notes to financial statements.

On behalf of the Board

Tom Insinna, Board Chair

Donna Cridland, Treasurer

THE NIAGARA PENINSULA CONSERVATION FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	Endowment Fund	Externally Restricted Fund	Unrestricted Fund	2022	2021
Revenue:					
Donations	$ –	$ –	$ 23,019	$ 23,019	$ 32,064
Fundraising and special events	–	–	13,270	13,270	5,492
Interest income	–	1,480	1,164	2,644	566
Investment income	–	–	–	–	7,942
	–	1,480	37,453	38,933	46,064
Expenses:					
Administration, general and miscellaneous	–	–	25,624	25,624	38,530
Fundraising and special events	–	–	6,782	6,782	17,404
Investment loss	10,882	–	–	10,882	–
Bursaries	–	–	–	–	12,000
	10,882	–	32,406	43,288	67,934
(Deficiency) excess of revenue over expenses	(10,882)	1,480	5,047	(4,355)	(21,870)
Fund balance, beginning of year	87,768	68,644	38,086	194,498	216,368
Fund balance, end of year	$ 76,886	$ 70,124	$ 43,133	$ 190,143	$ 194,498

See accompanying notes to financial statements.

THE NIAGARA PENINSULA CONSERVATION FOUNDATION

Statement of Cash Flows

Year ended December 31, 2022 with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Deficiency of revenues over expenses	$ (4,355)	$ (21,870)
Change in non-cash operating working capital balances:		
Accounts receivable	(8,986)	5,166
Accounts payable and accrued liabilities	(3,968)	(14,366)
Deferred revenue	5,000	–
Decrease in cash	(12,309)	(31,070)
Cash, beginning of year	220,786	251,856
Cash, end of year	$ 208,477	$ 220,786
Cash and cash equivalents consist of:		
Cash	$ 131,591	$ 133,018
Restricted investments - endowment fund	76,886	87,768
	$ 208,477	$ 220,786

See accompanying notes to financial statements.

The Niagara Peninsula Conservation Foundation is incorporated without share capital under the Ontario Business Corporation Act and assists in the cultivation and advancement of conservation by actively seeking support for conservation projects and programs through fundraising efforts and by serving as the custodian for these donations and gifts. The Foundation is a registered charity and is exempt from tax under Section 149(1)(1) of the Income Tax Act of Canada.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook.

Significant accounting policies are as follows:

(a) Fund accounting:

The unrestricted fund reports unrestricted donations, fundraising and other unrestricted revenues. The fund also reports general and administrative and fundraising expenses of the Foundation.

The externally restricted fund reports donations and fundraising activities where the contributor has made specific restrictions for the use of the funds.

The endowment fund reports resources contributed for conservation bursaries. Investment income earned on assets of the endowment fund is reported by the endowment fund as are qualifying expenditures of the fund.

(b) Revenue recognition:

External restricted contributions are recognized as revenue of the restricted fund in the year the contributions are received.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year the contributions are received.

Contributions for education bursaries are recognized as revenue of the endowment fund.

Contributions of real property and equipment are recorded at fair market value when received. Contributed materials and services, which would otherwise be paid for by the Foundation, are recorded at fair market value when received.

Investment income on the endowment fund assets is recognized in this fund when earned. Other investment income is recognized as revenue of the unrestricted fund when earned.

1. Significant accounting policies (continued):

(c) Contribution services:

Directors, committee members and staff volunteer their time to assist in the Foundation's activities. While these services benefit the Foundation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any 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 straight-line 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 impairment charge.

(f) Cash and cash equivalent:

Cash and cash equivalents include cash and restricted investments in mutual funds for the endowment fund, which are readily convertible into a known amount of cash. Restricted investments are recorded at fair value, with changes to fair value recorded as investment income (loss) on the statement of operations and changes in fund balances.

(g) 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. Significant items subject to such estimates include revenue recognition, contingent liabilities and allowances for doubtful accounts. Actual results could differ from those estimates.

2. Restricted investments – endowment fund:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Mutual fund	$ 78,786	$ 76,886	$ 77,761	$ 87,768

3. Accounts receivable:

	2022	2021
Fundraising	$ 9,000	$ 610
HST receivable	729	133
	$ 9,729	$ 743

4. Accounts payable and accrued liabilities:

	2022	2021
Trade accounts payable	$ 14,050	$ 4,296
Due to Niagara Peninsula Conservation Authority	9,017	22,735
	$ 23,067	$ 27,031

5. Deferred revenue:

	2022	2021
Balance, beginning of year	$ –	$ –
Add: amounts received in the year	5,000	–
Balance, end of year	$ 5,000	$ –

6. Related party transactions:

The Foundation is related to the Niagara Peninsula Conservation Authority by virtue of common management.

Transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2022	2021
Expenses:		
Administration, general and part-time staffing	$ –	$ 28,805
Fundraising and special events	6,000	15,991

7. Financial instruments:

(a) Credit risk:

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Foundation consisting of cash and accounts receivable. The maximum exposure to credit risk of the Foundation at December 31, 2022 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2021.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2021.

(c) Market risk:

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Foundation's investments in securities quoted in an active market exposes the Foundation to price risks as these investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.