

Canadian Parks and Wilderness Society

**Financial Statements
March 31, 2016**



November 21, 2016

Independent Auditor's Report

To the Members of the Canadian Parks and Wilderness Society

We have audited the accompanying financial statements of Canadian Parks and Wilderness Society ("the Society"), which comprise the statement of financial position as at March 31, 2016 and the statements of changes in net assets, operations and cash flows for the year then ended, and the related notes, which comprise 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.

*PricewaterhouseCoopers LLP
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963*



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, the Society derives revenues from donations, 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue (expense) for the year and cash flows from operations for the years ended March 31, 2016 and 2015, current assets as at March 31, 2016 and 2015 and net assets as at the beginning and the end of the years ended March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

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 the Society as at March 31, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Parks and Wilderness Society

Statement of Financial Position

As at March 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	1,630,759	834,867
Guaranteed investment certificates (note 4)	1,210,053	1,196,771
Accounts receivable (note 5)	227,451	128,296
Due from the Foundation (note 9)	-	17,168
Prepaid expenses	27,402	48,775
	<u>3,095,665</u>	<u>2,225,877</u>
Capital assets (note 6)	<u>28,139</u>	<u>152,916</u>
	<u>3,123,804</u>	<u>2,378,793</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	118,240	111,560
Due to chapters (note 8)	392,197	341,888
Due to the Foundation (note 9)	11,119	-
Deferred contributions (note 10)	321,682	355,153
	<u>843,238</u>	<u>808,601</u>
Deferred lease incentives	<u>-</u>	<u>942</u>
	<u>843,238</u>	<u>809,543</u>
Net assets		
Unrestricted	657,363	398,688
Invested in capital assets	28,139	151,974
Internally restricted - Reserve fund	389,020	387,414
Endowment - Now and Forever Wild Fund (note 11)	1,206,044	631,174
	<u>2,280,566</u>	<u>1,569,250</u>
	<u>3,123,804</u>	<u>2,378,793</u>

Commitments (note 12)

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Canadian Parks and Wilderness Society

Statement of Changes in Net Assets

For the year ended March 31, 2016

	Balance - Beginning of year \$	Transfer from Ottawa Valley chapter (note 2) \$	Net revenue for the year \$	Endowment contributions \$	Transfers from (to) \$	Balance - End of year \$
Unrestricted	398,688	17,602	131,787	-	109,286	657,363
Invested in capital assets	151,974	-	181,927	-	(305,762)	28,139
Internally restricted - Reserve fund	387,414	-	-	-	1,606	389,020
Endowment - Now and Forever Wild Fund (note 11)	631,174	-	-	380,000	194,870	1,206,044
	<u>1,569,250</u>	<u>17,602</u>	<u>313,714</u>	<u>380,000</u>	<u>-</u>	<u>2,280,566</u>

The accompanying notes are an integral part of these financial statements.

Canadian Parks and Wilderness Society

Statement of Operations

For the year ended March 31, 2016

	2016	2015
	\$	\$
Revenue (note 8)		
Individuals	1,857,169	1,412,951
Foundation	2,518,175	2,952,041
Corporate (note 9)	268,723	218,479
Government	225,894	104,919
Other	241,708	58,884
	<hr/> 5,111,669	<hr/> 4,747,274
Expense		
Conservation programs (note 8)	3,238,600	3,456,837
Conservation awareness	461,415	248,912
Membership and development	449,065	449,023
Operations	634,990	643,013
Amortization of capital assets	13,885	31,121
	<hr/> 4,797,955	<hr/> 4,828,906
Net revenue (expense) for the year	<hr/> 313,714	<hr/> (81,632)

The accompanying notes are an integral part of these financial statements.

Canadian Parks and Wilderness Society

Statement of Cash Flows

For the year ended March 31, 2016

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	313,714	(81,632)
Items not affecting cash -		
Amortization of capital assets	13,885	31,121
Amortization of deferred lease incentives	(942)	(5,658)
Gain on sale of building	(194,870)	-
Net change in non-cash working capital items	(25,977)	(132,504)
	<u>105,810</u>	<u>(188,673)</u>
Investing activities		
Purchase of guaranteed investment certificates	(3,411,432)	(2,428,320)
Proceeds on redemption of guaranteed investment certificates	3,398,150	2,354,625
Purchase of capital assets	(11,738)	(19,354)
Proceeds on disposal of capital assets	317,500	-
	<u>292,480</u>	<u>(93,049)</u>
Financing activity		
Endowment contributions	380,000	331,174
Transfer from Ottawa Valley Regional Chapter (note 2)	<u>17,602</u>	<u>-</u>
Net change in cash for the year	795,892	49,452
Cash - Beginning of year	<u>834,867</u>	<u>785,415</u>
Cash - End of year	<u>1,630,759</u>	<u>834,867</u>

The accompanying notes are an integral part of these financial statements.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2016

1 Nature and purpose of the organization

The Canadian Parks and Wilderness Society (“the Society”) is incorporated under the *Canada Not-for-profit Corporations Act*. The Society is a registered charity and as such, it is exempt from income taxes, and may issue tax receipts for donations.

The Society is dedicated to protecting Canada's wild ecosystems in parks, wilderness and similar natural areas. The Society also promotes awareness and understanding of ecological principles and the inherent values of wilderness through education, appreciation and experience.

2 Chapters

Regional activities are conducted by “Regional Chapters” of the Society, some of which are controlled by the Society (Saskatchewan, Manitoba, Quebec, New Brunswick, Ottawa Valley and Newfoundland and Labrador) and some of which are not controlled by the Society, but operate through agency agreements (The Wildlands League, Southern Alberta, Northern Alberta, British Columbia, Nova Scotia, the Yukon and the Northwest Territories).

On April 1, 2015, the Society assumed control of the Ottawa Valley Regional Chapter. Cash of \$17,602 was assumed.

3 Significant accounting policies

Basis of presentation

These financial statements include the assets, liabilities, revenue and expense of the Society, including its controlled chapters (note 2).

These financial statements do not include the assets, liabilities, revenues or expenses of the chapters that were not controlled by the Society during the year, but operate through agency agreements.

The Society also controls the Foundation for Canadian Parks and Wilderness (“the Foundation”) as it is the sole member of the Foundation and therefore has the ability to appoint all of the Foundation's Board of Directors. The Foundation has not been consolidated in the Society's financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation are provided in note 9.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from these estimates.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2016

Guaranteed investment certificates

Guaranteed investment certificates are measured at amortized cost.

Capital assets

Capital assets are recorded at cost less accumulated amortization.

Capital assets are amortized, on a declining balance basis, over their expected useful lives, at the following annual rates.

Buildings	4%
Computer and telephone equipment	30%
Computer software	30%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Endowment contributions (note 11) are recognized as direct increases in net assets. Other externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. 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.

Contributed material and services

Volunteers contribute an indeterminable number of hours per year to the Society. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Donated materials are recorded as donations revenue at their fair value at the time the materials are donated if these materials are used in the normal course of operations, would otherwise be purchased by the Society and their fair value can be reasonably estimated.

Allocation of expenses

A portion of salaries and benefits expenses are allocated to conservation programs, conservation awareness, membership and development and operations in order to reflect support and management oversight provided to those areas. These expenses are allocated based on estimates of time spent by the relevant personnel on those areas during the year.

4 Guaranteed investment certificates

Guaranteed investment certificates earn interest at rates ranging from 0.55% to 1.20% (2015 - ranging from 0.85% to 1.55%) and mature within one year.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2016

5 Accounts receivable

	2016	2015
	\$	\$
Grants receivable	150,130	61,287
Commodity tax rebates	73,175	62,693
Other receivables	4,146	4,316
	<u>227,451</u>	<u>128,296</u>

6 Capital assets

	2016		2015	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Buildings	-	-	-	124,287
Computer and telephone equipment	102,545	74,679	27,866	25,498
Computer software	16,248	15,975	273	390
Leasehold improvements	-	-	-	2,741
	<u>118,793</u>	<u>90,654</u>	<u>28,139</u>	<u>152,916</u>

Cost and accumulated amortization amounted to \$398,620 and \$245,704, respectively, as at March 31, 2015.

7 Government remittances

Government remittances of \$nil (2015 - \$nil) are included in accounts payable and accrued liabilities.

8 Chapters - Balances and transactions

Revenue includes donations, bequests and grants that are specifically designated for a program. These items are normally applied for by a chapter. The Society initially receives these amounts and then contracts with the appropriate chapter. Conservation programs expense includes amounts that were contracted to the chapters.

Amounts due to or from chapters are non-interest bearing.

The building owned by the Society was used by one of the chapters in exchange for which all incremental costs related to the use of the building were the responsibility of the chapter. The building was sold during the year for proceeds of \$317,500, resulting in a gain on sale of \$194,870.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2016

9 Foundation for Canadian Parks and Wilderness

The Foundation is incorporated under the *Canada Not-for-profit Corporations Act*. The Foundation is a registered charity and as such, it is exempt from income taxes, and may issue tax receipts for donations. The Foundation was established to support the Society.

The Foundation also promotes the conservation of natural land and marine ecosystems in Canada through public education, scientific studies and protection. In doing so the Foundation may solicit and receive donations, grants and bequests to fund its administration as well as projects undertaken directly or by other organizations promoting the same objectives of the Foundation.

The Society controls the Foundation as it is the sole member of the Foundation and therefore has the ability to appoint all of the Foundation's Board of Directors.

The Foundation has not been consolidated in these financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation as at March 31, 2016 and 2015, and for the years then ended are as follows.

	2016 \$	2015 \$
Financial position		
Total assets	540,063	447,878
Total liabilities	2,838	19,569
Net assets		
Unrestricted	510,823	401,907
Endowment	26,402	26,402
	540,063	447,878
Results from operations		
Total revenue	141,596	52,646
Total expense	32,680	28,385
Net revenue for the year	108,916	24,261
Cash provided by		
Operating activities	81,066	16,533

By agreement, the Society transfers a portion of bequests to the Foundation (2016 - \$140,372; 2015 - \$50,524).

The Society provides administrative services to the Foundation at no cost.

Amounts due to or from the Foundation have no specific repayment terms or conditions and are interest free.

Corporate revenue includes \$29,442 (2015 - \$24,962) in donations from the Foundation.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2016

10 Deferred contributions

	Balance - Beginning of year \$	Amounts received \$	Amounts recognized as revenue \$	Balance - End of year \$
Forest	128,469	694,212	(747,606)	75,075
Parks	176,423	124,003	(194,593)	105,833
Oceans	21,828	106,808	(34,218)	94,418
Other	28,433	70,838	(52,915)	46,356
	<u>355,153</u>	<u>995,861</u>	<u>(1,029,332)</u>	<u>321,682</u>

11 Now and Forever Wild Fund

The Now and Forever Wild Fund (“the Fund”) consists of externally restricted endowment contributions and internally restricted amounts whereby the capital of the Fund shall be held in perpetuity and income and realized capital gains may be used in designated areas. As at March 31, 2016, \$1,011,174 (2015 - \$631,174) of the Fund represented externally restricted endowment contributions. In addition, the Society may transform the Fund into a capital campaign fund that would allow the Society to purchase real estate that would house the Society’s operations, if certain conditions are met.

12 Commitments

The Society has commitments related to the rental of equipment and premises as follows.

	\$
Year ending March 31, 2017	118,673
2018	106,049
2019	93,309
2020	92,293
2021	87,216
Thereafter	11,855

13 Allocation of expenses

					2016	2015
	Conservation programs \$	Conservation awareness \$	Membership and development \$	Operations \$	Total \$	Total \$
Salaries and benefits	961,698	310,805	208,900	283,630	1,765,033	1,612,361