

Canadian Parks and Wilderness Society

Financial Statements
March 31, 2018



September 25, 2018

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, 2018 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenue 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 expense and cash flows from operating activities for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017 and net assets as at the beginning and the end of the years ended March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 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, 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian Parks and Wilderness Society

Statement of Financial Position

As at March 31, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	4,280,231	1,705,867
Guaranteed investment certificates (note 4)	72,445	1,216,722
Accounts receivable (note 5)	151,440	295,318
Due from the Foundation (note 10)	42,368	67,481
Investments (note 6)	971,255	-
Prepaid expenses	69,761	35,692
	<u>5,587,500</u>	<u>3,321,080</u>
Capital assets (note 7)	<u>24,196</u>	<u>19,999</u>
	<u>5,611,696</u>	<u>3,341,079</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	95,843	107,962
Due to chapters (note 9)	590,096	243,005
Deferred contributions (note 11)	2,576,462	765,929
	<u>3,262,401</u>	<u>1,116,896</u>
Net assets		
Unrestricted	520,400	509,120
Invested in capital assets	24,196	19,999
Internally restricted - Reserve fund	398,655	389,020
Endowment - Now and Forever Wild Fund (note 12)	1,406,044	1,306,044
	<u>2,349,295</u>	<u>2,224,183</u>
	<u>5,611,696</u>	<u>3,341,079</u>
Commitments (note 13)		

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, 2018

	Balance - Beginning of year \$	Transfer from Nova Scotia chapter (note 2) \$	Net expense for the year \$	Endowment contributions \$	Transfers from (to) \$	Balance - End of year \$
Unrestricted	509,120	59,017	(25,811)	-	(21,926)	520,400
Invested in capital assets	19,999	-	(8,094)	-	12,291	24,196
Internally restricted - Reserve fund	389,020	-	-	-	9,635	398,655
Endowment - Now and Forever Wild Fund (note 12)	1,306,044	-	-	100,000	-	1,406,044
	<u>2,224,183</u>	<u>59,017</u>	<u>(33,905)</u>	<u>100,000</u>	<u>-</u>	<u>2,349,295</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, 2018

	2018 \$	2017 \$
Revenue (note 9)		
Individuals	1,981,300	1,522,963
Foundation	2,405,211	2,686,125
Corporate (note 10)	329,357	300,337
Government	312,898	298,591
Other	68,563	46,928
	<hr/> 5,097,329	<hr/> 4,854,944
Expense		
Conservation programs (note 9)	3,261,264	3,306,000
Conservation awareness	514,050	481,228
Membership and development	488,747	464,437
Operations	859,079	749,833
Amortization of capital assets	8,094	9,829
	<hr/> 5,131,234	<hr/> 5,011,327
Net expense for the year	<hr/> (33,905)	<hr/> (156,383)

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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	(33,905)	(156,383)
Items not affecting cash		
Amortization of capital assets	8,094	9,829
Change in fair value of investments	59,585	-
Net change in non-cash working capital items	2,280,427	130,020
	<u>2,314,201</u>	<u>(16,534)</u>
Investing activities		
Purchase of guaranteed investment certificates	(215,439)	(2,988,397)
Proceeds on redemption of guaranteed investment certificates	1,359,716	2,981,728
Purchase of investments	(1,030,840)	-
Purchase of capital assets	(12,291)	(1,689)
	<u>101,146</u>	<u>(8,358)</u>
Financing activities		
Endowment contributions	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Cash transferred from Nova Scotia chapter (note 2)	<u>59,017</u>	<u>-</u>
Change in cash during the year	2,574,364	75,108
Cash - Beginning of year	<u>1,705,867</u>	<u>1,630,759</u>
Cash - End of year	<u>4,280,231</u>	<u>1,705,867</u>

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

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2018

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, Nova Scotia, 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, the Yukon and the Northwest Territories).

On August 1, 2017, the Society assumed control of the Nova Scotia Chapter. Cash of \$59,017 was transferred.

3 Summary of significant accounting policies

Basis of presentation

These financial statements include the assets, liabilities, revenues and expenses 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 10.

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 the 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 those estimates.

Guaranteed investment certificates

Canadian Parks and Wilderness Society

Notes to Financial Statements

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Guaranteed investment certificates are measured at amortized cost.

Investments

Investments are measured at fair value. Changes in fair value are included in net expense for the year.

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:

Computer and telephone equipment	30%
Computer software	30%

Revenue recognition

The Society follows the deferral method of accounting for contributions. Endowment contributions (note 12) 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. During the year, the Society received the equivalent of \$6,900 (2017 - \$9,117) in donated materials and gifts-in-kind.

Allocation of expenses

A portion of salaries and benefits expenses is 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.

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4 Guaranteed investment certificates

Guaranteed investment certificates earn interest at rates ranging from 0.50% to 1.55% (2017 - ranging from 0.50% to 1.20%) and mature within one year.

5 Accounts receivable

	2018 \$	2017 \$
Grants receivable	116,289	198,916
Commodity tax rebates	33,717	89,449
Other receivables	1,434	6,953
	<hr/> 151,440	<hr/> 295,318

6 Financial instruments

Foreign currency risk

The Society has cash and investments denominated in US dollars amounting to CA\$338,933 (2016 - nil).

Interest rate risk

The Society's interest-bearing investments of \$72,445 (2016 - \$1,216,722) are federal bonds.

Market risk

Investments in corporate stocks of \$971,255 (2016 - nil) will vary with market conditions. Stocks are invested in various industries, including pharmaceutical products, consumer products, insurance, telecommunications, conglomerates, transportation, real estate, financial services, industrial products, oil and gas, and renewable energy.

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7 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and telephone equipment	116,524	92,461	24,063	19,808
Computer software	16,248	16,115	133	191
	132,772	108,576	24,196	19,999

Cost and accumulated amortization amounted to \$120,482 and \$100,483, respectively, as at March 31, 2017.

8 Government remittances

Government remittances of \$169 (2017 - \$nil) are included in accounts payable and accrued liabilities.

9 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.

10 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, 2018 and 2017, and for the years then ended are as follows.

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	2018 \$	2017 \$
Financial position		
Cash	580,249	586,863
Total liabilities	45,347	70,319
Net assets		
Unrestricted	508,500	490,142
Endowment	26,402	26,402
	580,249	586,863
Results from operations		
Total revenue	60,908	46,188
Total expense	42,550	66,869
Net revenue (expense) for the year	18,358	(20,681)
Cash provided by		
Operating activities	(6,614)	57,919

By agreement, the Society transfers a portion of bequests to the Foundation (2018 - \$59,629; 2017 - \$45,151).

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 \$39,571 (2017 - \$63,976) in donations from the Foundation.

11 Deferred contributions

	2018 \$	2017 \$
Balance - Beginning of year	765,929	321,682
Amounts received	3,253,230	1,691,085
Amounts recognized as revenue	(1,442,697)	(1,246,838)
Balance - End of year	2,576,462	765,929

12 Now and Forever Wild Fund

The Now and Forever Wild Fund (“the Fund”) consists of externally restricted endowment contributions 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, 2018, \$1,406,044 (2017 - \$1,306,044) of the Fund represented externally restricted endowment contributions. In addition, the Society may transform the Fund into a capital campaign

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March 31, 2018

fund that would allow the Society to purchase real estate that would house the Society's operations, if certain conditions are met.

13 Commitments

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

For the years ending	\$
March 31, 2019	177,719
2020	162,689
2021	119,715
2022	19,522
2023 and onwards	8,683
	<hr/>
	488,328
	<hr/>

14 Allocation of expenses

					2018	2017
	Conservation programs \$	Conservation awareness \$	Membership and development \$	Operations \$	Total \$	Total \$
Salaries and benefits	1,079,308	346,131	258,677	360,399	2,044,515	1,873,177

15 Subsequent event

Subsequent to year end, the Society incorporated a controlled entity which purchased a building for \$6,750,000. The controlled entity borrowed approximately \$1,700,000 from the Society, obtained an additional \$1,700,000 from CPAWS' endowment fund and the remaining balance from a third-party lender, to finance this purchase.