

Financial Statements

**Canadian Parks and Wilderness Society**

March 31, 2006

## AUDITORS' REPORT

To the Members of the  
**Canadian Parks and Wilderness Society**

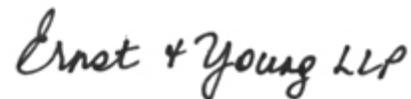
We have audited the statement of financial position of the **Canadian Parks and Wilderness Society [the "Society"]** as at March 31, 2006 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, we were unable to determine whether any adjustments might be necessary to donations, the statement of operations and changes in unrestricted net assets for the year and unrestricted net assets, end of year.

In our opinion, except for the effect of adjustments, if any, which might have been required had we been able to satisfy ourselves with respect to the completeness of revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that these principles have been applied on a consistent basis with that of the preceding year.

Ottawa, Canada,  
July 21, 2006. [except for notes 4  
and 11 which are as of September 6, 2006]



Chartered Accountants  
Licensed Public Accountants

**Canadian Parks and Wilderness Society**  
 Incorporated without share capital under the laws of Canada

**STATEMENT OF FINANCIAL POSITION**

As at March 31

	<b>2006</b>	<b>2005</b>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	212,345	84,187
Restricted cash and short-term investments	412,312	336,107
Accounts receivable	55,272	150,011
Prepaid expenses	22,863	20,553
<b>Total current assets</b>	<b>702,792</b>	<b>590,858</b>
Capital assets, net <i>[note 5]</i>	21,121	23,312
	<b>723,913</b>	<b>614,170</b>
<b>LIABILITIES AND NET DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 3]</i>	281,647	206,412
Deferred contributions <i>[note 6]</i>	349,493	386,703
Transfers payable to Related parties <i>[note 3]</i>	133,689	73,558
Due to Yukon Chapter <i>[note 3]</i>	—	10,000
<b>Total current liabilities</b>	<b>764,829</b>	<b>676,673</b>
Commitments <i>[note 7]</i>		
<b>Net deficiency</b>		
Unrestricted	(62,037)	(85,815)
Invested in capital assets	21,121	23,312
<b>Total net deficiency</b>	<b>(40,916)</b>	<b>(62,503)</b>
	<b>723,913</b>	<b>614,170</b>

*See accompanying notes*

On behalf of the Board:

Director

Director

## Canadian Parks and Wilderness Society

### STATEMENT OF OPERATIONS

Year ended March 31

	2006	2005
	\$	\$
<b>REVENUE</b>		
Chapter generated revenues	2,072,823	2,632,324
Individual donations <i>[note 3]</i>	1,079,426	994,117
Bequest	1,176,201	39,075
Foundation /Corporation donations	532,280	126,550
Other revenues	30,024	42,749
	<b>4,890,754</b>	<b>3,834,815</b>
<b>EXPENDITURES</b>		
Revenue disbursements <i>[note 3]</i>	3,197,254	2,389,494
Development and membership	738,957	583,165
Conservation programs <i>[note 3]</i>	481,020	589,953
Communications and public education	270,727	95,891
General and administrative	173,368	190,425
Amortization	7,841	6,509
	<b>4,869,167</b>	<b>3,855,437</b>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>21,587</b>	<b>(20,622)</b>

*See accompanying notes*

**Canadian Parks and Wilderness Society**

**STATEMENT OF CHANGES IN NET DEFICIENCY**

Year ended March 31

	<b>Capital Assets</b>	<b>Unrestricted</b>	<b>2006</b>	<b>2005</b>
	\$	\$	\$	\$
<b>Balance, beginning of year</b>	<b>23,312</b>	<b>(85,815)</b>	<b>(62,503)</b>	(41,881)
Excess (deficiency) of revenue over expenses	(7,841)	29,428	21,587	(20,622)
Investment in capital assets	5,650	(5,650)	—	—
<b>Balance, end of year</b>	<b>21,121</b>	<b>(62,037)</b>	<b>(40,916)</b>	(62,503)

*See accompanying notes*

## **Canadian Parks and Wilderness Society**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

#### **1. ORGANIZATION**

The Canadian Parks and Wilderness Society ["CPAWS"] is a registered charity dedicated to protecting Canada's wilderness ecosystems in parks and protected areas. Regional activities are conducted by the following chapters [the "Regional Chapters"] of the Society: The Wildlands League, Saskatchewan, Manitoba, Ottawa Valley, Calgary/Banff, Edmonton, British Columbia, Montreal, Nova Scotia, New Brunswick, Newfoundland, the Yukon and the Northwest Territories. In addition, the Society's general membership includes the Maritimes, the Northwest Territories, the United Kingdom and foreign countries. Regional Chapters are organized as separate financial entities. As a result, the CPAWS financial statements reflect only the financial operations of the National Office.

The Society, which is incorporated without share capital under the laws of Canada, is a registered Canadian charity, and as such, is exempt from income taxes under the Income Tax Act (Canada).

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

##### **Use of accounting estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period presented. Actual results could differ from these estimates.

##### **Cash, cash equivalents**

Cash and cash equivalents consist of cash accounts and investments having a maturity of less than 90 days.

Short-term investments are recorded at cost, which approximates market value.

##### **Restricted cash and investments**

Restricted cash and investments are externally restricted funds, which are received and held until related program expenses are incurred. Includes a term investment of \$50,000 which is pledged as security for a line of credit [see note 4].

##### **Net assets**

## **Canadian Parks and Wilderness Society**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

Unrestricted net assets represent the organization's net assets that may be used by CPAWS for any purpose it deems appropriate. Investment in capital assets is comprised of the amount of capital assets purchased with unrestricted funds.

Presentation of the controlled foundation, Foundation for Canadian Parks and Wilderness, which is controlled by the Society, is not consolidated in the Society's financial statements.

#### **Capital assets**

Capital assets consist of computer equipment and software and are recorded at cost or at estimated fair market value, if donated, less accumulated amortization. Amortization is provided on a declining balance basis at a rate of 30%. In the year of acquisition, assets are amortized at one-half the annual rate.

#### **Revenue recognition**

CPAWS follows the deferral method of accounting for donations. Unrestricted donations and membership donations are recognized as revenue when received.

Restricted grants are received by the National office and are recorded using the deferral method of accounting. Other externally restricted donations are deferred and recognized as revenue over the period in which the program related expenses are incurred.

#### **Contributed materials and services**

The Society, in common with many non-profit organizations, makes extensive use of volunteers and donated materials in conducting its activities. Donated materials are recorded at their market value with a corresponding donation revenue. No attempt has been made to quantify the value of volunteer services in these financial statements.

#### **Financial instruments**

The Society's financial instruments consist of cash and cash equivalents, restricted cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and transfers payable to Regional Chapters. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments and that their fair value approximates carrying value.

# Canadian Parks and Wilderness Society

## NOTES TO FINANCIAL STATEMENTS

March 31, 2006

### 3. RELATED PARTY TRANSACTIONS

CPAWS National Office provides support to the Regional Chapters. A portion of the revenues received through membership renewal donations is transferred to Regional Chapters based on the member's place of residence, unless otherwise specified by the donor. CPAWS National's policy is to deliver many of its conservation programs through its Regional Chapters. Revenue received by CPAWS National is transferred to Regional Chapters for these purposes. Donations received by the National office, on behalf of the Regional Chapters, are subsequently transferred to the local chapter offices. CPAWS National office maintains a cost recovery program to recover a portion of its administration and management costs incurred during the processing of grants and donations.

At year-end, there was a net amount owing to the Regional Chapters in the amount of \$69,385 [2005 - \$73,558]. Also, included in accounts payable and accrued liabilities at year-end is \$188,072 [2005 - \$145,311] in donations owing to the Regional Chapters received by the National Office on their behalf. Included in the line Transfers Payable is the amount of \$64,304 which is payable to the Foundation [2005 - \$nil]. Included in accounts receivable is \$24,272 owing from the Calgary Banff Chapter repayable in equal semi-annual payments over a four-year term. All transactions are recorded at the exchange amount agreed to by all parties. All balances are receivable/payable on demand and do not bear interest.

Foundation for Canadian Parks and Wilderness [the "Foundation"] manages an endowment fund, which was established to support the Society. The Foundation is incorporated under the Laws of Canada and is registered as a charitable foundation. The Society exercises significant influence over the Foundation for Canadian Parks and Wilderness by virtue of its ability to appoint some of the Foundation's Board of Directors. For the year ended March 31, 2006, the summary financial statements of the Foundation were as follows:

	2006	2005
	\$	\$
<b>Statement of financial position</b>		
Total assets	548,700	136,615
Total liabilities	404,525	13,633
<b>Total net assets</b>	<b>144,175</b>	<b>122,982</b>
<b>Statement of operations</b>		
Revenue	23,223	29,464
Expense	2,030	2,020

Total assets includes \$333,330 [nil - 2005] restricted for the Boreal program and \$26,402 [\$26,402 - 2005] restricted for endowments.

Canadian Parks and Wilderness Society

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

**4. CREDIT FACILITY**

The Society has an operating line of credit of \$50,000, [2005 - \$50,000] bearing interest at the bank's prime rate and repayable on demand. At March 31, 2006, no amounts were drawn against the line [2005 - \$nil]. The Society's short-term investments have been pledged against this credit facility. On August 30, 2006, the Society has cancelled the line of credit.

**5. CAPITAL ASSETS**

Capital assets consist of the following:

	<u>March 31, 2006</u>			<u>March 31, 2005</u>		
	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>	<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>
	\$	\$	\$	\$	\$	\$
Computer equipment	<b>137,194</b>	<b>125,741</b>	<b>11,453</b>	131,544	122,043	9,501
Computer software	<b>16,248</b>	<b>6,580</b>	<b>9,668</b>	16,248	2,437	13,811
	<b>153,442</b>	<b>132,321</b>	<b>21,121</b>	147,792	124,480	23,312

In 2001, a building was purchased for the purpose of supporting charitable activities in the Yukon. The building is recorded as an asset on the financial statements of the Yukon Chapter.

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent externally restricted donations received by the Society relating to activities of the subsequent period or specific projects which extend beyond the current fiscal period. The changes in the deferred contributions balance are as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
<b>Balance, beginning of year</b>	<b>386,703</b>	289,512
Donations received during the year	<b>1,738,843</b>	535,870
Amount recognized as revenue in the year	<b>(1,776,053)</b>	(438,679)
<b>Balance, end of year</b>	<b>349,493</b>	386,703

**Canadian Parks and Wilderness Society**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2006

**7. COMMITMENTS**

Future annual minimum lease payments for office equipment and premises are as follows:

	\$
2007	48,926
2008	47,530
2009	47,530
2010	46,778
2011 and thereafter	51,891

**8. CONTRIBUTED MATERIALS**

During the year donated materials of \$14,719, [2005 - \$54,109] were recorded as an expenditure at their market value with corresponding donation revenue. Donated materials consisted primarily of photographic images.

**9. STATEMENT OF CASH FLOWS**

A separate statement of cash flows has not been presented, as the information it would contain is readily ascertainable from the other financial statements.

**10. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current fiscal year.

**11. SUBSEQUENT EVENT**

As at September 6, 2006, the Society received a loan of \$100,000 from the Foundation for Canadian Parks and Wilderness. This loan will ensure that the Society has appropriate operating funds.