

Financial Statements

**Canadian Parks and Wilderness Society**

March 31, 2007

---

## 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, 2007 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 net assets for the year and unrestricted net assets.

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, 2007 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.

*Ernst + Young LLP*

Ottawa, Canada,  
October 31, 2007.

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

	2007	2006
	\$	\$
		[as restated - see note 3]
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	351,069	212,345
Restricted cash and short-term investments	128,676	412,312
Accounts receivable <i>[note 4]</i>	81,202	55,272
Prepaid expenses	15,268	22,863
<b>Total current assets</b>	<b>576,215</b>	<b>702,792</b>
Long-term receivable - regional chapters	12,136	—
Capital assets, net <i>[note 6]</i>	200,005	200,589
	<b>788,356</b>	<b>903,381</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 4]</i>	129,938	281,647
Deferred contributions <i>[note 7]</i>	69,309	349,493
Transfers payable to regional chapters <i>[note 4]</i>	304,426	133,689
<b>Total current liabilities</b>	<b>503,673</b>	<b>764,829</b>
Loan due to related party <i>[note 5]</i>	92,112	—
<b>Total liabilities</b>	<b>595,785</b>	<b>764,829</b>
Commitments <i>[note 8]</i>		
<b>Net assets</b>		
Unrestricted	(7,434)	(62,037)
Invested in capital assets	200,005	200,589
<b>Total net assets</b>	<b>192,571</b>	<b>138,552</b>
	<b>788,356</b>	<b>903,381</b>

*See accompanying notes*

On behalf of the Board:

Director

Director



---

Canadian Parks and Wilderness Society

STATEMENT OF CHANGES IN NET ASSETS

---

Year ended March 31

	Invested in capital assets	Unrestricted	2007	2006
	\$	\$	\$	\$
				[as restated - see note 3]
<b>Balance, beginning of year</b>				
As previously reported	21,121	(62,037)	(40,916)	(62,503)
Correction from prior years <i>[note 3]</i>	179,468	—	179,468	186,928
<b>Balance, beginning of year as restated</b>	<b>200,589</b>	<b>(62,037)</b>	<b>138,552</b>	<b>124,425</b>
Excess (deficiency) of revenue over expenses for the year	(13,680)	67,699	54,019	14,127
Investment in capital assets	13,096	(13,096)	—	—
<b>Balance, end of year</b>	<b>200,005</b>	<b>(7,434)</b>	<b>192,571</b>	<b>138,552</b>

See accompanying notes

---

Canadian Parks and Wilderness Society

STATEMENT OF OPERATIONS

---

Year ended March 31

	2007	2006
	\$	\$
		[as restated - see note 3]
<b>REVENUE</b>		
Designated revenue (Chapters)	1,478,741	2,072,823
Individual donations <i>[note 4]</i>	947,161	1,079,426
Bequest	240,669	1,176,201
Foundation /Corporation donations	558,848	532,280
Other revenue	102,332	30,024
	<u>3,327,751</u>	<u>4,890,754</u>
<b>EXPENDITURES</b>		
Revenue disbursements <i>[note 4]</i>	1,702,854	3,197,254
Development and membership	461,049	623,957
Conservation programs <i>[note 4]</i>	549,544	596,020
Communications and public education	278,908	270,727
General and administrative	267,697	173,368
Amortization	13,680	15,301
	<u>3,273,732</u>	<u>4,876,627</u>
<b>Excess of revenue over expenses for the year</b>	<u>54,019</u>	<u>14,127</u>

*See accompanying notes*

---

**Canadian Parks and Wilderness Society**

**NOTES TO FINANCIAL STATEMENTS**

---

March 31, 2007

**1. ORGANIZATION**

The Canadian Parks and Wilderness Society ["CPAWS" or "Society"] 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 through agency agreements where applicable: 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are summarized as follows:

**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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and 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 short-term investments**

Restricted cash and investments are externally restricted funds, which are received and held until related program expenses are incurred.



---

**Canadian Parks and Wilderness Society**

**NOTES TO FINANCIAL STATEMENTS**

---

March 31, 2007

**Net assets**

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 [the "Foundation"], which is controlled by the Society, is not consolidated in the Society's financial statements.

**Capital assets**

Capital assets are recorded at cost or at estimated fair market value, if donated, less accumulated amortization. In the year of acquisition, assets are amortized at one half the annual rate. Amortization is provided for on the declining balance basis using the following annual rates:

Computer equipment and software	30%
Building	4%
Leasehold improvement	Term of the lease

**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.



**NOTES TO FINANCIAL STATEMENTS**

---

March 31, 2007

**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 related parties. 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 their carrying value.

**3. RESTATEMENT OF PRIOR YEAR FIGURES**

In fiscal 2001, the Society's Yukon chapter purchased a building to be used as its headquarters for the purpose of carrying out the charitable activities of the Society in the Yukon Territory. At that time, the Yukon Chapter was deemed to own the building and had recorded it on the Yukon Chapter's financial statements. During fiscal 2007, it was determined that the Society is the registered owner of the property and therefore should have recorded the building as an asset on the Society's financial statements in fiscal 2001. The Society's financial statements have been retroactively adjusted to reflect the inclusion of the building. For the year ended March 31, 2006, \$186,928 was recorded as an increase to capital assets and net assets, respectively, and \$7,460 recorded as an increase to amortization expense and as a reduction of revenue over expenses for the year.

**4. RELATED PARTY TRANSACTIONS**

CPAWS National's policy is to deliver many of its conservation programs through its Regional Chapters. Revenue received by CPAWS National Office is transferred to Regional Chapters under agency agreements for these purposes. 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.

As at March 31, 2007, there was a net amount owing to the Regional Chapters for charitable programs in the amount of \$44,735 [2006 - \$69,385]. Also, included in accounts payable and accrued liabilities is \$143,431 [2006 - \$188,072] in designated donations for charitable programs to be carried out by the Regional Chapters and received by the National Office in the form of donations for this purpose. Included in the line transfers payable is the amount of \$8,333 which is payable to the Foundation [2006 - \$64,304]. 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.





---

Canadian Parks and Wilderness Society

**NOTES TO FINANCIAL STATEMENTS**

---

March 31, 2007

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 by virtue of its ability to appoint some of the Foundation's Board of Directors.

**5. LOAN DUE TO RELATED PARTY**

On September 6, 2006, the Society received a loan from the Foundation. The loan is unsecured and interest-bearing at 5% per annum. Principal payment is due in full on March 31, 2010.

**6. CAPITAL ASSETS**

Capital assets consist of the following:

	March 31, 2007		March 31, 2006
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Building	225,780	53,492	172,288
Leasehold improvements	150,290	129,340	20,950
Computer equipment and software	16,248	9,481	6,767
	<b>392,318</b>	<b>192,313</b>	<b>200,005</b>

**7. 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:

	2007 \$	2006 \$
Balance, beginning of year	349,493	386,703
Donations received during the year	982,527	1,738,843
Amount recognized as revenue in the year	(1,262,711)	(1,776,053)
Balance, end of year	<b>69,309</b>	<b>349,493</b>

---

**Canadian Parks and Wilderness Society**

**NOTES TO FINANCIAL STATEMENTS**

---

March 31, 2007

**8. LEASE COMMITMENTS**

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

	<u>\$</u>
2008	47,770
2009	47,770
2010	46,047
2011	44,995
Thereafter	6,691

**9. CONTRIBUTED MATERIALS**

During the year, donated materials of \$18,233 [2006 - \$54,109] were recorded as an expenditure at their market value with corresponding donation revenue. Donated materials consisted primarily of photographic images.

**10. 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.

**11. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2007 financial statements.



