

Canadian Parks and Wilderness Society

Consolidated Financial Statements
March 31, 2020



Independent auditor's report

To the Members of Canadian Parks and Wilderness Society

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Canadian Parks and Wilderness Society and its subsidiaries (together, the Society) as at March 31, 2020 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.

What we have audited

The Society's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2020;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Society derives revenues from cash 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 individual, foundation and other revenue, net revenue (expense) and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019 and net assets as at the beginning and the end of the years ended March 31, 2020 and 2019. Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 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 *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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



Independence

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 these consolidated 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 consolidated 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 28, 2020

Canadian Parks and Wilderness Society

Consolidated Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	5,933,662	3,456,036
Guaranteed investment certificates (notes 4 and 14)	106,564	113,254
Accounts receivable (note 5)	547,513	370,810
Due from the Foundation (note 11)	26,036	-
Investments (note 14)	502,304	626,073
Prepaid expenses	52,411	38,131
	<u>7,168,490</u>	<u>4,604,304</u>
Long-term assets		
Investment in subsidiary (note 6)	1,456,204	1,670,292
Note receivable (note 7)	1,914,995	1,914,995
	<u>372,962</u>	<u>16,677</u>
Capital assets (note 8)	<u>10,912,651</u>	<u>8,206,268</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	366,865	204,963
Due to chapters (note 10)	1,514,951	737,881
Due to the Foundation (note 11)	-	480
Deferred contributions (note 12)	3,670,084	3,031,518
	<u>5,551,900</u>	<u>3,974,842</u>
Net Assets		
Unrestricted	1,009,235	386,471
Invested in capital assets	372,962	16,677
Internally restricted – Reserve fund	498,706	398,655
Endowment – Now and Forever Wild Fund (note 13)	3,479,848	3,429,623
	<u>5,360,751</u>	<u>4,231,426</u>
	<u>10,912,651</u>	<u>8,206,268</u>

Commitments (note 15)

Approved by the Board of Directors



Director



Director

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

Canadian Parks and Wilderness Society

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

	Balance – Beginning of year \$	Net revenue for the year \$	Endowment contributions \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	386,471	722,815	-	(100,051)	1,009,235
Invested in capital assets	16,677	356,285	-	-	372,962
Internally restricted – Reserve fund	398,655	-	-	100,051	498,706
Endowment – Now and Forever Wild Fund (note 13)	3,429,623	-	50,225	-	3,479,848
	<u>4,231,426</u>	<u>1,079,100</u>	<u>50,225</u>	<u>-</u>	<u>5,360,751</u>

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

Canadian Parks and Wilderness Society

Consolidated Statement of Operations

For the year ended March 31, 2020

	2020 \$	2019 \$
Revenue (note 10)		
Individuals	2,457,738	1,720,764
Foundation	6,404,397	3,892,091
Corporate (note 11)	174,424	176,711
Government	1,571,674	276,676
Other	626,096	346,130
	<hr/> 11,234,329	<hr/> 6,412,372
Expenses (schedule 1)		
Conservation program	7,374,244	4,501,810
Conservation awareness	513,922	490,607
Membership and development	590,269	529,266
Operations	1,417,538	993,761
Loss on subsidiary	214,110	29,708
Amortization of Capital Assets	45,146	8,668
	<hr/> 10,155,229	<hr/> 6,553,820
Net revenue (expense) for the year	<hr/> 1,079,100	<hr/> (141,448)

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

Canadian Parks and Wilderness Society

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	1,079,100	(141,448)
Items not affecting cash		
Amortization of capital assets	45,146	8,668
Change in fair value of investments	123,769	(25,589)
Equity loss accounted from subsidiary (note 6)	214,088	29,708
Net change in non-cash working capital items (note 16)	1,360,039	590,468
	<u>2,822,142</u>	<u>461,807</u>
Investing activities		
Investment in subsidiary (note 6)	-	(1,700,000)
Purchase of guaranteed investment certificates	(324,629)	(256,938)
Proceeds on redemption of guaranteed investment certificates	331,319	216,129
Purchase of investments	-	(600,000)
Proceeds from sale of investments	-	970,771
Purchase of capital assets	(401,431)	(1,149)
	<u>(394,741)</u>	<u>(1,371,187)</u>
Financing activities		
Interest receivable from debt issued to subsidiary (note 7)	-	(238,394)
Issuance of debt to subsidiary (note 7)	-	(1,700,000)
Endowment contributions	50,225	2,023,579
	<u>50,225</u>	<u>85,185</u>
Change in cash during the year	<u>2,477,626</u>	<u>(824,195)</u>
Cash – Beginning of year	<u>3,456,036</u>	<u>4,280,231</u>
Cash – End of year	<u>5,933,662</u>	<u>3,456,036</u>

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

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

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).

3 Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Basis of presentation

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

These consolidated financial statements do not include the assets, liabilities, revenue 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 consolidated financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation are provided in note 11.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Endowment contributions (note 13) 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.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

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 consolidated 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 if their fair value can be reasonably estimated. During the year, the Society received the equivalent of \$2,970 (2019 – \$1,081) in donated materials and gifts-in-kind.

Guaranteed investment certificates

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.

Investments in subsidiaries

Investments in wholly owned subsidiary companies are recorded using the equity method. Under this method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Society's share of the post-acquisition profits or losses of the subsidiary. Dividends received or receivable from the subsidiary are recognized as a reduction in the carrying amount of the investment.

Notes receivable

Notes receivable 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:

Computer and telephone equipment	30%
Computer software	30%
Office renovation and moving costs	term of the lease

Use of estimates

The preparation of the consolidated 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 date of the

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4 Guaranteed investment certificates

Guaranteed investment certificates earn interest at rates ranging from 1.83% to 1.90% (2019 – ranging from 0.60% to 2.26%) and mature within one year.

5 Accounts receivable

Commodity tax rebates of \$72,947 (2019 – \$96,334) are included in accounts receivables.

6 Investments in subsidiary

On August 27, 2018, the Society purchased 100 common shares in the capital of 2646020 Ontario Inc. (the Subsidiary) for \$100. On September 6, 2018, the Society purchased an additional 1,699,900 common shares in the capital of the Subsidiary for \$1,699,990. The Subsidiary is a for-profit entity incorporated under the Ontario Business Corporations Act. The Society accounts for its investment in the Subsidiary using the equity method.

The Society controls the Subsidiary as it is the sole owner of all common shares.

The table below provides summarized financial information for the Subsidiary. The information disclosed reflects the amounts presented in the unaudited financial statements as at December 31, 2019.

Financial position

	2019 \$	2018 \$
Asset		
Cash	47,510	76,327
Accounts receivable	8,877	24,068
Prepaid expense	6,098	3,799
	<hr/> 62,485	<hr/> 104,194
Property	6,852,566	6,871,038
Deferred finance charges	<hr/> 43,473	<hr/> 55,754
	<hr/> <hr/> 6,958,524	<hr/> <hr/> 7,030,986
Liabilities		
Accounts payable and accrued liabilities	47,363	48,966
Tenant lease deposits	53,008	38,909
Current portion of long-term debt	123,504	108,796
	<hr/> <hr/> 223,875	<hr/> <hr/> 196,671

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

	2019 \$	2018 \$
Due to Canadian Parks and Wilderness Society	38,406	25,506
Long-term debt	5,240,061	5,138,517
Shareholder's Equity		
Share capital	1,700,000	1,700,000
Deficit	(243,818)	(29,708)
	1,456,182	1,670,292
	6,958,524	7,030,986
Results from operations		
Revenue	629,255	212,657
Expenses	843,365	242,365
	(214,110)	(29,708)

7 Note receivable

On September 1, 2018, the Society issued a promissory note to the Subsidiary, a wholly owned subsidiary, for \$1,700,000 (the Principal Amount) for the purchase of a building. The note bears interest at 4.44%, reimbursable in monthly, interest-only payments, on the first day of each month until the Principal Amount is repaid in full on September 11, 2023. Any interest accrued and unpaid will be paid in full on September 11, 2023.

On January 1, 2019, the Society converted the reimbursable cost (initial establishment expenses) amounting to \$214,995 into promissory note to the Subsidiary. The note bears interest at 6%, calculated and compounded annually. The Principal Amount, and any interest accrued and unpaid thereon, shall be payable in full on December 1, 2022.

As at March 31, 2020, \$60,928 (2019 – \$23,399) of interest were accrued and included under accounts receivable.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

8 Capital assets

			2020	2019
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and telephone equipment	136,208	109,296	26,912	16,584
Computer software	16,248	16,183	65	93
Office renovation/moving costs	384,427	38,442	345,985	-
	<u>536,883</u>	<u>163,921</u>	<u>372,962</u>	<u>16,677</u>

Cost and accumulated amortization amounted to \$133,922 and \$117,245, respectively, as at March 31, 2019.

9 Government remittances

Government remittances of \$169 (2019 – \$169) are included in accounts payable and accrued liabilities.

10 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 was contracted to the chapters.

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

11 Foundation for Canadian Parks and Wilderness

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, 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 consolidated financial statements. Summaries of the financial position, results from operations and cash flows of the Foundation as at March 31, 2020 and 2019, and for the years then ended are as follows.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

Financial position

	2020 \$	2019 \$
Assets		
Cash	439,660	558,376
Accounts receivable	15,040	-
Due from Canadian Parks and Wilderness Society	-	480
Note receivable	228,230	-
	<u>682,930</u>	<u>558,856</u>
Liabilities		
Accounts payable and accrued liabilities	3,668	3,493
Due to Canadian Parks and Wilderness Society (note 3)	26,036	-
	<u>29,704</u>	<u>3,493</u>
Net assets		
Unrestricted	626,824	528,961
Endowment	26,402	26,402
	<u>653,226</u>	<u>555,363</u>
	<u>682,930</u>	<u>558,856</u>
Results from operations		
Total revenue	124,054	46,919
Total expense	26,191	26,458
	<u>97,863</u>	<u>20,461</u>
Cash provided by		
Operating activities	<u>(118,716)</u>	<u>(21,873)</u>

By agreement, the Society transfers a portion of bequests to the Foundation (2020 – \$90,700; 2019 – \$44,871).

The Society provides accounting and 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.

Foundation revenue includes \$22,502 (2019 – \$22,704) in donations from the Foundation.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

12 Deferred contributions

	2020 \$	2019 \$
Balance – Beginning of year	3,031,518	2,576,462
Amounts received	7,475,301	2,910,583
Amounts recognized as revenue	(6,836,735)	(2,455,527)
	<hr/>	<hr/>
Balance – End of year	3,670,084	3,031,518

13 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, 2020, \$3,479,848 (2019 – \$3,429,623) of the Fund represented externally restricted endowment contributions. In 2019, the Society transformed the Fund into a capital campaign fund, which allowed the Society to purchase real estate to house the Society's operations.

14 Financial instruments

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's cash is held with a Canadian chartered bank; therefore, management considers the likelihood of non-performance to be remote. The Society deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Cash denominated in United States dollars amounted to CA\$2,608,112 (2019 – CA\$1,496,902).

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's guaranteed investment certificates contain variable interest rates based on the bank's prime rate. As a result, the Society is exposed to interest rate risk due to fluctuations in the bank's prime rate. The Society's interest-bearing investments amount to \$1,129,554 (2019 – \$966,241).

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

Market risk

Investment in financial instruments renders the Society susceptible to the potential risk arising from the failure of a party to a financial instrument to discharge its obligation when due. The maximum investment risk to the Society is equal to the fair value of the investments. Investments in corporate stocks of \$503,778 (2019 – \$626,073) will vary with market conditions.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget forecasts to ensure it has sufficient funds to fulfill its obligations. The Society relies on cash flows from operations and its reserves to provide cash required to meet liabilities as they fall due.

15 Commitments

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

For the years ending	\$
March 31, 2021	234,442
2022	190,818
2023	153,766
2024	144,852
2025	99,942
Thereafter	486,235
	<hr/>
	1,310,055

16 Net change in non-cash working capital

	2020	2019
	\$	\$
Accounts receivable	(176,703)	(195,971)
Due from the foundation	(26,036)	42,368
Prepaid expenses	(14,280)	31,630
Accounts payable and accrued liabilities	161,902	109,120
Due to chapters	777,070	147,785
Due to the Foundation	(480)	480
Deferred contributions	638,566	455,056
	<hr/>	<hr/>
	1,360,039	590,468

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2020

17 Subsequent event

Subsequent to year-end, the Society is assessing the impact of the COVID-19 pandemic on its operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of this disruption on operations.

18 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

Canadian Parks and Wilderness Society

Schedule 1 – Expense

For the year ended March 31, 2020

	2020	2019
	\$	\$
Expenses		
Advertising	68,523	55,599
Amortization of capital assets	45,146	8,668
Bank interests and charges	37,801	34,367
Compensation	3,390,703	2,335,036
Grants	-	2,500
Insurance	18,406	16,817
Membership	101,334	103,134
Occupancy	257,667	191,523
Office equipment	21,210	26,661
Office expense	229,324	174,958
Other expenses	127,082	124,425
Professional	671,198	541,098
Professional development	5,318	7,347
Revenue disbursement to incorporated chapters	4,446,662	2,501,213
Travel	520,835	400,766
Loss on subsidiary	214,110	29,708
	<hr/>	<hr/>
	10,155,319	6,553,820
	<hr/>	<hr/>