

Canadian Parks and Wilderness Society

Consolidated Financial Statements
March 31, 2021



Independent auditor's report

To the Members of Canadian Parks and Wilderness Society

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Canadian Parks and Wilderness Society (the Society) as at March 31, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

Basis for opinion

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 opinion.

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.

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



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, 2021

Canadian Parks and Wilderness Society

Consolidated Statement of Financial Position

As at March 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	7,831,639	5,933,662
Guaranteed investment certificates (notes 4 and 14)	187,342	106,564
Accounts receivable (note 5)	920,030	486,585
Due from the Subsidiary	148,881	60,928
Due from the Foundation (note 11)	89,367	26,036
Investments (note 14)	756,652	502,304
Prepaid expenses	151,061	52,411
	<u>10,084,972</u>	<u>7,168,490</u>
Long-term assets		
Investment in Subsidiary (note 6)	1,221,548	1,456,204
Note receivable (note 7)	1,914,995	1,914,995
	<u>356,500</u>	<u>372,962</u>
Capital assets (note 8)	<u>13,578,015</u>	<u>10,912,651</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	750,330	366,865
Due to chapters (note 10)	1,248,960	1,514,951
Deferred contributions (note 12)	4,447,090	3,670,084
	<u>6,446,380</u>	<u>5,551,900</u>
Net Assets		
Unrestricted	2,661,207	1,009,235
Invested in capital assets	356,500	372,962
Internally restricted – Reserve fund	634,080	498,706
Endowment – Now and Forever Wild Fund (note 13)	3,479,848	3,479,848
	<u>7,131,635</u>	<u>5,360,751</u>
	<u>13,578,015</u>	<u>10,912,651</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, 2021

	Balance – Beginning of year \$	Net revenue for the year \$	Endowment contributions \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	1,009,235	1,770,884	-	(118,912)	2,661,207
Invested in capital assets	372,962	-	-	(16,462)	356,500
Internally restricted – Reserve fund	498,706	-	-	135,374	634,080
Endowment – Now and Forever Wild Fund (note 13)	3,479,848	-	-	-	3,479,848
	<u>5,360,751</u>	<u>1,770,884</u>	<u>-</u>	<u>-</u>	<u>7,131,635</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, 2021

	2021 \$	2020 \$
Revenue		
Individuals	2,494,322	2,457,738
Foundation	6,310,856	6,404,397
Corporate (note 11)	200,637	174,424
Government	3,766,354	1,571,674
Other	545,393	626,096
	<hr/> 13,317,562	<hr/> 11,234,329
Expenses (schedule 1)		
Conservation program	9,079,016	7,374,244
Conservation awareness	509,446	513,922
Membership and development	599,495	590,269
Operations	1,071,697	1,417,538
Loss on Subsidiary	234,656	214,110
Amortization of capital assets	52,368	45,146
	<hr/> 11,546,678	<hr/> 10,155,229
Net revenue for the year	<hr/> 1,770,884	<hr/> 1,079,100

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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	1,770,884	1,079,100
Items not affecting cash		
Amortization of capital assets	52,368	45,146
Change in fair value of investments	(254,350)	123,769
Equity loss accounted from Subsidiary (note 6)	234,656	214,088
Net change in non-cash working capital items (note 16)	211,103	1,360,039
	<u>2,014,661</u>	<u>2,822,142</u>
Investing activities		
Purchase of guaranteed investment certificates	(406,098)	(324,629)
Proceeds on redemption of guaranteed investment certificates	325,312	331,319
Purchase of investments	(1,465)	-
Proceeds from sale of investments	1,473	-
Purchase of capital assets	(35,906)	(401,431)
	<u>(116,684)</u>	<u>(394,741)</u>
Financing activities		
Endowment contributions	-	50,225
	<u>-</u>	<u>50,225</u>
Change in cash during the year	1,897,977	2,477,626
Cash – Beginning of year	5,933,662	3,456,036
Cash – End of year	<u>7,831,639</u>	<u>5,933,662</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, 2021

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. Revenue and expenses of the chapters relating to regional activities are reflected in the Society.

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.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

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.

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 \$3,617 (2020 – \$2,970) 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.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

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 and term:

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 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 0.05% to 1.90% (2020 – ranging from 1.83% to 1.90%) and mature within three years.

5 Accounts receivable

Commodity tax rebates of \$80,702 (2020 – \$72,947) are included in accounts receivable.

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, 2020.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

Financial position

	2020 \$	2019 \$
Assets		
Cash	71,905	47,510
Accounts receivable	40,303	8,877
Prepaid expense	-	6,098
	<hr/> 112,208	<hr/> 62,485
Property	6,621,873	6,852,566
Deferred finance charges	<hr/> 31,191	<hr/> 43,473
	<hr/> 6,765,272	<hr/> 6,958,524
Liabilities		
Accounts payable and accrued liabilities	52,006	47,363
Tenant lease deposits	58,837	53,008
Current portion of long-term debt	126,290	123,504
	<hr/> 237,133	<hr/> 223,875
Due to Canadian Parks and Wilderness Society	<hr/> 128,875	<hr/> 38,406
Long-term debt	<hr/> 5,177,738	<hr/> 5,240,061
Shareholder's Equity		
Share capital	1,700,000	1,700,000
Deficit	(478,474)	(243,818)
	<hr/> 1,221,526	<hr/> 1,456,182
	<hr/> 6,765,272	<hr/> 6,958,524
Results from operations		
Revenue	592,338	629,255
Expenses	(826,994)	(843,365)
	<hr/> (234,656)	<hr/> (214,110)

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

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, 2021, \$148,881 (2020 – \$60,928) of interest were accrued and included under accounts receivable.

8 Capital assets

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and telephone equipment	171,951	123,177	48,774	26,912
Computer software	16,411	16,227	184	65
Office renovation/moving costs	384,427	76,885	307,542	345,985
	<u>572,789</u>	<u>216,289</u>	<u>356,500</u>	<u>372,962</u>

Cost and accumulated amortization amounted to \$539,883 and \$163,921, respectively, as at March 31, 2020.

9 Government remittances

Government remittances of \$nil (2020 – \$169) are included in accounts payable and accrued liabilities.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

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 program expense includes amounts that were contracted to the chapters.

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

11 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 as 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, 2021 and 2020, and for the years then ended are as follows.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

Financial position

	2021 \$	2020 \$
Assets		
Cash	661,056	439,660
Accounts receivable	-	15,040
Note receivable	212,540	228,230
	<u>873,596</u>	<u>682,930</u>
Liabilities		
Accounts payable and accrued liabilities	6,500	3,668
Due to Canadian Parks and Wilderness Society (note 3)	89,367	26,036
	<u>95,867</u>	<u>29,704</u>
Net assets		
Unrestricted	751,327	626,824
Endowment	26,402	26,402
	<u>777,729</u>	<u>653,226</u>
	<u>873,596</u>	<u>682,930</u>
Results from operations		
Total revenue	152,589	124,054
Total expense	(28,086)	(26,191)
	<u>124,503</u>	<u>97,863</u>
Cash provided by (used in)		
Operating activities	<u>221,397</u>	<u>(118,716)</u>

By agreement, the Society transferred a portion of bequests for an amount of \$157,437 (2020 – \$90,700) to the Foundation.

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.

The Society's revenue from foundations includes \$20,788 (2020 – \$22,502) in donations from the Foundation for CPAW.

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

12 Deferred contributions

	2021 \$	2020 \$
Balance – Beginning of year	3,670,084	3,031,518
Amounts received	8,183,797	7,475,301
Amounts recognized as revenue	(7,406,791)	(6,836,735)
	<hr/>	<hr/>
Balance – End of year	4,447,090	3,670,084

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, 2021, \$3,479,848 (2020 – \$3,479,848) 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\$100,877 (2020 – CA\$2,608,112).

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 \$3,692,121 (2020 – \$1,234,645).

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

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 \$758,117 (2020 – \$503,778) 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, 2022	283,488
2023	223,329
2024	196,051
2025	121,751
2026	127,670
Thereafter	413,562
	<u>1,365,851</u>

16 Net change in non-cash working capital

	2021 \$	2020 \$
Accounts receivable	(521,396)	(176,703)
Due from the foundation	(63,331)	(26,036)
Prepaid expenses	(98,650)	(14,280)
Accounts payable and accrued liabilities	383,465	161,902
Due to chapters	(265,991)	777,070
Due to the Foundation	-	(480)
Deferred contributions	777,006	638,566
	<u>211,103</u>	<u>1,360,039</u>

Canadian Parks and Wilderness Society

Notes to Consolidated Financial Statements

March 31, 2021

17 Implications of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

The long-term impact of the outbreak on the Society remains uncertain. Management is closely monitoring the economic situation and any potential impacts there may be on the Society's operations. The ultimate duration and magnitude of COVID-19's impact on the Society's operations and financial position are not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and increased borrowings to sustain the operations. However, management believes the impact of COVID-19 will be temporary and therefore, while it could have a negative impact on the Society during the pandemic, the long-term prospects for the Society have not changed.

Government assistance

During the year, management applied for assistance under the Canada Emergency Wage Subsidy (CEWS) set up by the Government of Canada to assist businesses during the COVID-19 pandemic. Contributions recognized under CEWS amount to \$1,426,796, out of which \$284,692 remains outstanding at year end.

18 Subsequent events

On September 10, 2021, the wholly owned subsidiary sold its property to an independent third party. The disposal did not result in any loss for the subsidiary or the Society. All amounts owing to the Society will be repaid in full.

Canadian Parks and Wilderness Society

Schedule 1 – Expenses

For the year ended March 31, 2021

	2021 \$	2020 \$
Expenses		
Advertising	24,009	68,523
Amortization of capital assets	52,368	45,146
Bank interest and charges	49,925	37,801
Compensation	3,915,045	3,390,703
Insurance	21,347	18,406
Membership	111,287	101,334
Occupancy	291,645	257,667
Office equipment	22,645	21,120
Office expense	176,191	229,324
Other expenses	50,160	127,082
Professional	944,600	671,198
Professional development	25,540	5,318
Revenue disbursement to incorporated chapters	5,516,240	4,446,662
Travel	111,020	520,835
Loss on Subsidiary	234,656	214,110
	<hr/>	<hr/>
	11,546,678	10,155,229