

Canadian Parks and Wilderness Society

Financial Statements
March 31, 2019



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 financial statements present fairly, in all material respects, the financial position of Canadian Parks and Wilderness Society (the Society) as at March 31, 2019 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 financial statements comprise:

- the statement of financial position as at March 31, 2019;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the 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 revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue 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, 2019 and 2018, current assets as at March 31, 2019 and 2018 and net assets as at the beginning and the end of the years ended March 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 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 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 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 financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 23, 2019

Canadian Parks and Wilderness Society

Statement of Financial Position

As at March 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	3,456,036	4,280,231
Guaranteed investment certificates (notes 4 and 14)	113,254	72,445
Accounts receivable (note 5)	347,411	151,440
Due from the Foundation (note 11)	-	42,368
Investments (note 14)	626,073	971,255
Prepaid expenses	38,131	69,761
	<u>4,580,905</u>	<u>5,587,500</u>
Long-term assets		
Investment in subsidiary (note 6)	1,670,292	-
Note receivable (note 7)	1,938,394	-
	<u>16,677</u>	<u>24,196</u>
Capital assets (note 8)	<u>16,677</u>	<u>24,196</u>
	<u>8,206,268</u>	<u>5,611,696</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	204,963	95,843
Due to chapters (note 10)	737,881	590,096
Due to the Foundation (note 11)	480	-
Deferred contributions (note 12)	3,031,518	2,576,462
	<u>3,974,842</u>	<u>3,262,401</u>
Net assets		
Unrestricted	416,179	520,400
Invested in capital assets	16,677	24,196
Internally restricted – Reserve fund	398,655	398,655
Endowment – Now and Forever Wild Fund (note 13)	3,399,915	1,406,044
	<u>4,231,426</u>	<u>2,349,295</u>
	<u>8,206,268</u>	<u>5,611,696</u>
Commitments (note 15)		

Approved by the Board of Directors

 M.P. Robinson

Director

 John Brandy

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, 2019

	Balance – Beginning of year \$	Net expense for the year \$	Endowment contributions \$	Transfers from (to) \$	Balance – End of year \$
Unrestricted	520,400	(103,072)	-	(1,149)	416,179
Invested in capital assets	24,196	(8,668)	-	1,149	16,677
Internally restricted – Reserve fund	398,655	-	-	-	398,655
Endowment – Now and Forever Wild Fund (note 13)	1,406,044	-	1,993,871	-	3,399,915
	<u>2,349,295</u>	<u>(111,740)</u>	<u>1,993,871</u>	<u>-</u>	<u>4,231,426</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, 2019

	2019 \$	2018 \$
Revenue (note 10)		
Individuals	1,720,764	1,981,300
Foundation	3,892,091	2,405,211
Corporate (note 11)	176,711	329,357
Government	276,676	312,898
Other	346,130	68,563
	<hr/> 6,412,372	<hr/> 5,097,329
Expense (schedule 1)		
Conservation Program	4,501,810	3,261,264
Conservation Awareness	490,607	514,050
Membership and Development	529,266	488,747
Operations	993,761	859,079
Amortization of Capital Assets	8,668	8,094
	<hr/> 6,524,112	<hr/> 5,131,234
Net expense for the year	<hr/> (111,740)	<hr/> (33,905)

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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	(111,740)	(33,905)
Items not affecting cash		
Amortization of capital assets	8,668	8,094
Change in fair value of investments	(25,589)	59,585
Equity loss accounted from subsidiary (note 6)	(29,708)	-
Net change in non-cash working capital items	590,468	2,280,427
	<u>432,099</u>	<u>2,314,201</u>
Investing activities		
Investment in subsidiary (note 6)	(1,670,292)	-
Purchase of guaranteed investment certificates	(256,938)	(215,439)
Proceeds on redemption of guaranteed investment certificates	216,129	1,359,716
Purchase of investments	(600,000)	(1,030,840)
Proceeds from sale of investments	970,771	
Purchase of capital assets	(1,149)	(12,291)
	<u>(1,341,479)</u>	<u>101,146</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	2,023,579	100,000
	<u>85,185</u>	<u>100,000</u>
Cash transferred from Nova Scotia chapter (note 2)	<u>-</u>	<u>59,017</u>
Change in cash during the year	(824,195)	2,574,364
Cash – Beginning of year	4,280,231	1,705,867
Cash – End of year	<u>3,456,036</u>	<u>4,280,231</u>

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

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

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

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

These 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 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 Financial Statements

March 31, 2019

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 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 \$1,081 (2018 – \$6,900) 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 Financial Statements

March 31, 2019

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%

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

4 Guaranteed investment certificates

Guaranteed investment certificates earn interest at rates ranging from 0.60% to 2.26% (2018 – ranging from 0.50% to 1.55%) and mature within one year.

5 Accounts receivable

	2019 \$	2018 \$
Grants receivable	185,171	116,289
Commodity tax rebates	96,334	33,717
Other receivables	65,906	1,434
	<hr/>	<hr/>
	347,411	151,440

6 Investments in subsidiary

On August 27, 2018, the Society purchased 100 common shares in the capital of 2646020 Ontario Inc. (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, 2018.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

	December 31, 2018
	\$
Financial position	
Cash	76,327
Accounts receivable	24,068
Prepaid expense	3,799
	<hr/>
	104,194
Property	6,871,038
Deferred finance charges	<hr/>
	55,754
Total assets	<hr/>
	7,030,986
Accounts payable and accrued liabilities	71,919
Due to Canadian Parks and Wilderness Society	217,548
Tenant lease deposits	38,909
Current portion of long-term debt	108,796
	<hr/>
	437,172
Long-term debt	<hr/>
	4,923,522
Shareholder's Equity	
Share capital	1,700,000
Deficit	(29,708)
	<hr/>
	1,670,292
Total liabilities and shareholder's equity	<hr/>
	7,030,986
Results from operations	
Revenue	212,657
Expenses	242,365
	<hr/>
	(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 (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. As at March 31, 2019, \$238,394 (2018 – \$nil) of interest and reimbursable costs (initial establishment expenses) were accrued and unpaid.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

8 Capital assets

			2019	2018
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and telephone equipment	117,674	101,090	16,584	24,063
Computer software	16,248	16,155	93	133
	133,922	117,245	16,677	24,196

Cost and accumulated amortization amounted to \$132,772 and \$108,576, respectively, as at March 31, 2018.

9 Government remittances

Government remittances of \$169 (2018 – \$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 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 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.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

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, 2019 and 2018, and for the years then ended are as follows.

	2019	2018
	\$	\$
Financial position		
Cash	558,376	580,249
Due from Canadian Parks and Wilderness Society	480	-
	<hr/> 558,856	<hr/> 580,249
Total liabilities	3,493	45,347
Net assets		
Unrestricted	528,961	508,500
Endowment	26,402	26,402
	<hr/> 558,856	<hr/> 580,249
Results from operations		
Total revenue	46,919	60,908
Total expense	26,458	42,550
	<hr/> 20,461	<hr/> 18,358
Net revenue for the year		
	<hr/> 20,461	<hr/> 18,358
Cash provided by		
Operating activities	(21,873)	(6,614)
	<hr/> (21,873)	<hr/> (6,614)

By agreement, the Society transfers a portion of bequests to the Foundation (2019 – \$44,871; 2018 – \$59,629).

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 \$22,704 (2018 – \$39,571) in donations from the Foundation.

12 Deferred contributions

	2019	2018
	\$	\$
Balance – Beginning of year	2,576,462	765,929
Amounts received	2,910,583	3,253,230
Amounts recognized as revenue	(2,455,527)	(1,442,697)
	<hr/> 3,031,518	<hr/> 2,576,462

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

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, 2019, \$3,399,915 (2018 – \$1,406,044) 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\$1,496,902 (2018 – CA\$338,933).

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 of \$113,254 (2018 – \$72,445) are federal bonds.

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 \$626,073 (2018 – \$971,255) 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.

Canadian Parks and Wilderness Society

Notes to Financial Statements

March 31, 2019

15 Commitments

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

For the years ending	\$
March 31, 2020	208,102
2020	166,006
2022	108,422
2023	106,194
Thereafter	<u>620,976</u>
	<u>1,209,700</u>

16 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation, specifically, the allocation of expenses in the statement of operations has been reclassified to conform to the current's year board approved expenses financial statement presentation.

Canadian Parks and Wilderness Society

Schedule 1 – Expense

For the year ended March 31, 2019

	2019	2018
	\$	\$
Expense		
Advertising	55,599	8,560
Amortization of capital assets	8,668	8,094
Bank interests and charges	34,367	36,635
Compensation	2,335,036	2,044,514
Donations	-	100
Grants	2,500	2,559
Insurance	16,817	13,278
Membership	103,134	90,989
Occupancy	191,523	170,184
Office equipment	26,661	14,736
Office expense	174,958	190,188
Other expenses	124,425	127,054
Professional	541,098	307,546
Professional development	7,347	4,449
Revenue disbursement	2,501,213	1,895,556
Travel	400,766	216,792
	<hr/>	<hr/>
	6,524,112	5,131,234