

**CANADIAN PARKS AND
WILDERNESS SOCIETY - BRITISH
COLUMBIA**

**Financial Statements
March 31, 2019**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CANADIAN PARKS AND WILDERNESS SOCIETY – BRITISH COLUMBIA

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Canadian Parks and Wilderness Society – British Columbia (the "Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 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 ("ASNPO").

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives part of its revenue from donations and other unreceivable activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, and current assets and net assets as at March 31, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in ASPNO have been applied on a basis consistent with that of the preceding year.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
August 1, 2019

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Statement of Financial Position

March 31

	2019	2018
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 829,831	\$ 1,320,978
Accounts receivable	177,422	15,656
Marketable securities	157,542	0
Prepaid expenses	8,383	13,141
	1,173,178	1,349,775
Investments - Restricted (note 5)	96,000	96,000
Capital Assets (note 6)	4,760	8,102
	\$ 1,273,938	\$ 1,453,877
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 99,841	\$ 42,785
Deferred revenue (note 7)	680,995	1,078,212
Current portion of capital lease obligation	1,080	0
	781,916	1,120,997
Deferred Capital Contributions (note 8)	4,760	8,090
Obligation Under Capital Lease	4,060	0
	790,736	1,129,087
Net Assets		
Unrestricted	182,164	174,790
Internally Restricted	301,038	150,000
	483,202	324,790
	\$ 1,273,938	\$ 1,453,877

Commitment (note 10)

Approved by the Board:

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Director

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Director

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Statement of Operations

Year Ended March 31

	2019	2018
Revenues		
Foundation grants	\$ 572,559	\$ 629,741
Chapter grant (note 11)	394,690	319,356
Donations (note 11)	190,182	207,168
BC Gaming Commissions	115,952	97,071
Government grants	100,402	61,193
Special events (note 11)	35,080	4,683
Interest and other investment income	25,572	12,041
Bequests (note 11)	21,582	7,122
Other (note 11)	12,164	1,936
Recoveries	6,313	12,683
Amortization of deferred capital contributions (note 8)	1,194	3,292
	1,475,690	1,356,286
Expenses		
Personnel	753,443	725,818
Contract fees and honoraria	236,832	177,958
Travel and accommodation	117,524	84,173
Program related events and venue costs	83,087	77,172
Rent and utilities	57,907	60,827
Office	35,657	30,538
Professional fees	11,340	11,000
Advertising and promotion	10,431	2,679
Insurance	5,595	3,341
Reports and publications	3,899	10,655
Amortization	1,194	3,292
	1,316,909	1,187,453
Excess of Revenues over Expenses Before Other Item	158,781	168,833
Other Items		
Gain on sale of marketable securities	5,593	0
Loss on disposal of capital assets	(5,962)	0
Excess of Revenues over Expenses for the Year	\$ 158,412	\$ 168,833

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Statement of Changes in Net Assets
Year Ended March 31

	Internally Restricted		Unrestricted		2019		2018	
Balance, Beginning of Year	\$	150,000	\$	174,790	\$	324,790	\$	287,792
Excess of revenues over expenses for the year		11,038		147,374		158,412		168,833
Transfer		140,000		(140,000)		0		0
Investment in Endowment Fund (note 9)		0		0		0		(131,835)
Balance, End of Year	\$	301,038	\$	182,164	\$	483,202	\$	324,790

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Statement of Cash Flows

Year Ended March 31

	2019	2018
Operating Activities		
Excess of revenues over expenses	\$ 158,412	\$ 168,833
Items not involving cash		
Amortization of deferred capital contributions	(1,194)	(3,292)
Amortization	1,194	3,292
Gain on sale of marketable securities	(5,593)	0
Loss on disposal of assets	5,962	0
	158,781	168,833
Changes in non-cash working capital		
Accounts receivable	(161,767)	152,611
Prepaid expenses	4,758	(4,279)
Accounts payable and accrued liabilities	57,056	(8,617)
Deferred revenue	(397,216)	109,604
Deferred capital contributions	0	1,429
	(497,169)	250,748
Cash Provided by (Used in) Operating Activities	(338,388)	419,581
Investing Activities		
Proceeds on sale of marketable securities	28,978	0
Purchase of marketable securities	(180,927)	0
Purchase of capital assets	0	(1,429)
Investment in Endowment Fund	0	(131,835)
Cash Used in Investing Activities	(151,949)	(133,264)
Financing Activity		
Repayment of obligation under capital lease	(810)	0
Inflow (Outflow) of Cash	(491,147)	286,317
Cash and Cash Equivalents, Beginning of Year	1,320,978	1,034,661
Cash and Cash Equivalents, End of Year	\$ 829,831	\$ 1,320,978
Represented by:		
Cash on hand	\$ 111,335	\$ 220,978
Cash held at Raymond James - internally restricted fund	143,496	150,000
Term deposit - interest at 0.90% per annum, matured November 9, 2018	0	225,000
Term deposit - interest at 1.90% per annum (2018 - 1.20%), maturing December 22, 2019	525,000	525,000
Term deposit - interest at 1.90% per annum (2018 - 1.20%), maturing October 31, 2019	50,000	200,000
	\$ 829,831	\$ 1,320,978

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

1. NATURE OF OPERATIONS

Canadian Parks and Wilderness Society - British Columbia (the "Society") was incorporated on January 17, 1992 under the *Societies Act* (British Columbia). The Society promotes the protection of national, provincial and territorial parks and other places of natural significance so that Canadians and visitors may develop a personal commitment to preserve, enjoy and benefit from parks, wild lands and natural areas.

The Society's goals are:

- (a) protecting Canada's wild ecosystems in parks, wilderness and similar natural areas, and preserving the full diversity of habitats and their species;
- (b) promoting awareness and understanding of ecological principles and the inherent values of wilderness through education, appreciation and experience;
- (c) encouraging individual action to complete these goals; and
- (d) working cooperatively with government, business, other organizations and individuals in a consensus-seeking manner whenever possible.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Net assets

(i) Unrestricted

Unrestricted net assets represent cumulative excess of revenues over expenses available for use for the day-to-day operations of the Society.

(ii) Internally restricted fund

The restricted amount was established by the Board in 2018. The fund has been internally restricted for capacity building and emergencies which require Board approval for use. The net investment income is recognized in the internally restricted fund.

(b) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions, bequests and donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as earned in accordance with the terms of the instrument.

Deferred capital contributions are deferred and recognized as revenue on the same basis as the related amortization expense.

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and cash equivalents

Cash and cash equivalents includes term deposits that are cashable in up to 90 days.

(d) Amortization

Equipment is amortized using the declining-balance method and the following rates:

Computer equipment	- 30%
Office equipment	- 20%

(e) Impairment

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(f) Contributed services and goods

The Society benefits from the efforts of its volunteers, who have varied skills and experience. Since the fair value of services contributed by volunteers is difficult to determine objectively, the value of these services has not been recognized in these financial statements.

Donated goods used in regular operations of the Society that would otherwise be purchased are recorded at fair value, if the value can be reasonably estimated at the time they are donated to the Society.

(g) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Estimates include accrued liabilities, useful lives of capital assets and collectability of accounts receivable. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(h) Foreign currency transactions

The Society receives certain grants and contributions in US dollars, which are translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction.

(i) Investments

The Society accounts for all investments in equity instruments quoted in an active market at fair value. The Society accounts for all other investments at cost.

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

3. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Society manages liquidity risk by forecasting cash flows from operations and has sufficient current assets to satisfy its liabilities.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is not exposed to significant credit risk with respect to its accounts receivable due to the nature of operations.

The Society has mitigated its credit risk related to cash and cash equivalents and investments by holding these instruments with major financial institutions.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Society is not exposed to currency risk as it receives grants in US dollars but has no US dollar accounts payable.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Society's investment portfolio is exposed to interest rate price risk through its fixed income instruments. Investments are made with different maturity terms to mitigate the effect of any changes in market rates.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk).

The Society is exposed to other price risk on its publicly traded equity investments as the fair value of those investments change with changes in their quoted market prices.

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

4. CASH AND CASH EQUIVALENTS

	2019	2018
Restricted cash	\$ 512,727	\$ 1,070,742
Internally restricted fund	143,496	150,000
Unrestricted cash	173,608	100,236
	<u>\$ 829,831</u>	<u>\$ 1,320,978</u>

5. INVESTMENTS - RESTRICTED

Investments consist of term deposits held at amortized cost.

	2019	2018
Term deposit bearing interest at 1.10% to 2.20% per annum, maturing August 22, 2019	\$ 71,000	\$ 71,000
Term deposit bearing interest at 1.10% to 2.20% per annum, maturing December 22, 2019	25,000	25,000
	<u>\$ 96,000</u>	<u>\$ 96,000</u>

As at March 31, 2019, \$96,000 (2018 - \$96,000) of investments were externally restricted for specific programs.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019	2018
Computer equipment	\$ 0	\$ 0	\$ 0	7,121
Office equipment	5,950	1,190	4,760	981
	<u>\$ 5,950</u>	<u>\$ 1,190</u>	<u>\$ 4,760</u>	<u>\$ 8,102</u>

During the year, the Society acquired office equipment under capital lease at a cost of \$5,950.

7. DEFERRED REVENUE

	2019	2018
Balance, beginning of year	\$ 1,078,212	\$ 968,608
Grants received during the year	692,226	1,138,087
Funds recognized in revenue during the year	(1,089,443)	(1,028,483)
	<u>\$ 680,995</u>	<u>\$ 1,078,212</u>

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of grants received that are restricted for the purpose of purchasing capital assets. The balance in the account is made up as follows:

	2019	2018
Balance, beginning of year	\$ 8,090	\$ 9,953
Capital contributions received	5,950	1,429
Contributions related to assets disposed of	(8,086)	0
Amounts amortized to revenue	(1,194)	(3,292)
Balance, end of year	\$ 4,760	\$ 8,090

9. ENDOWMENT FUND

The Society made an investment to be held in perpetuity with the Vancouver Foundation (the "Foundation"). The CPAWS' BC Transferable Fund (the "Fund") was established September 29, 2017 and the total cost invested to date is \$131,835 (2018 - \$131,835).

The Society is entitled only to the investment income on these funds, which was \$5,078 (2018 - \$1,212) for the year ended March 31, 2019 and is distributed to the Society periodically throughout the year. Accordingly, the endowment fund capital is not reflected in the Society's statement of financial position. The investment income is recorded as investment income when it is earned and is used for general operations.

If the Society ceases to exist, the Foundation will disburse the income of the endowment funds to similar charitable entities for similar charitable purposes, as the Foundation determines.

The investment in the Fund has been approved by the Board of Directors.

10. COMMITMENT

The Society is required to pay a monthly base rent plus its share of taxes and operating costs under the terms of its lease agreement for its premises expiring on December 31, 2022. The minimum lease payments over the next four years are as follows:

2020	59,852
2021	60,920
2022	61,989
2023	47,092
	\$ 229,853

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2019

11. RELATED PARTY TRANSACTIONS

The Canadian Parks and Wilderness Society National Office (the "National Office") (an Ontario Society) is a registered charity.

During the year, there were tax receipted grants of \$335,336 (2018 - \$289,401) received by the National Office, designated for work in BC. These are recognized as chapter grants revenue in the year they are spent.

The National Office also receives all membership dues and some tax receipted donations where a percentage of these amounts is received from BC members and is designated for work in BC. During the year, a total of \$280,573 (2018 - \$216,226) of these donations was included within donations, bequests, special events, and interest and other revenues.

At the end of the year, there was \$52,280 (2018 - \$nil) payable to the National Office.

12. REMUNERATION FOR DIRECTORS, EMPLOYEES AND CONTRACTORS

During the year ended March 31, 2019, the Society paid one employee a total remuneration of \$79,788 (2018 - \$169,409 for two employees). The Society does not provide remuneration to its Board of Directors, and there were no individuals under contract with the Society whose remuneration exceeded \$75,000. This disclosure is in accordance with the *Societies Act* (British Columbia) that requires reporting of remuneration to individuals earning in excess of \$75,000 per year.

13. LINE OF CREDIT

A line of credit is available to a maximum of \$40,000. Interest is charged at prime plus 3% per annum on any outstanding balance. The balance at March 31, 2019 was \$nil (2018 - \$nil).

14. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to the presentation adopted in the current year.