

Financial Statements of

**WCS WILDLIFE CONSERVATION
SOCIETY CANADA**

And Independent Auditors' Report thereon

Year ended June 30, 2021



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of WCS Wildlife Conservation Society Canada

Opinion

We have audited the financial statements of WCS Wildlife Conservation Society Canada (the Entity), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 opinion.



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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



Page 3

- 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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

December 7, 2021

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Financial Position

June 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 4,102,278	\$ 3,557,358
Accounts receivable (notes 3 and 5)	632,096	622,844
Prepaid expenses and advances	120,212	95,655
	<u>\$ 4,854,586</u>	<u>\$ 4,275,857</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable (note 3)	\$ 208,745	\$ 136,988
Accrued liabilities (note 6)	208,485	313,758
	<u>417,230</u>	<u>450,746</u>
Fund balances:		
Unrestricted	1,772,576	789,946
Restricted	2,664,780	3,035,165
	<u>4,437,356</u>	<u>3,825,111</u>
Commitments (note 4)		
	<u>\$ 4,854,586</u>	<u>\$ 4,275,857</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

			2021	2020
	Unrestricted	Restricted	Total	Total
Revenue:				
Wildlife Conservation Society (note 3):				
Grant	\$ 16,698	\$ 29,398	\$ 46,096	\$ 113,203
Foundation contributions	–	71,643	71,643	79,532
Reimbursements	–	172,229	172,229	173,088
Foundation contributions	838,918	2,394,584	3,233,502	3,686,123
Government grants (note 5)	462,157	1,602,240	2,064,397	1,673,697
Individual	287,576	388,854	676,430	206,696
Grants from non-government organizations	2,765	148,499	151,264	279,424
Other	41,753	–	41,753	44,253
Corporate contributions	23,184	65,655	88,839	30,957
	1,673,051	4,873,102	6,546,153	6,286,973
Expenses (note 3) (Schedule):				
Western Arctic	–	765,486	765,486	761,355
Boreal Forests	288,718	1,711,063	1,999,781	1,488,993
National Conservation and Policy	102,380	1,610,929	1,713,309	1,930,214
Next Generation of Conservation Scientists	–	138,827	138,827	39,755
Outside Canada	–	400,580	400,580	253,703
Administration	259,980	453,574	713,554	679,715
Fundraising (note 7)	39,343	163,028	202,371	177,347
	690,421	5,243,487	5,933,908	5,331,082
Excess (deficiency) of revenue over expenses	\$ 982,630	\$ (370,385)	\$ 612,245	\$ 955,891

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2021, with comparative information for 2020

			2021	2020
	Unrestricted	Restricted	Total	Total
Fund balances, beginning of year	\$ 789,946	\$ 3,035,165	\$ 3,825,111	\$ 2,869,220
Excess (deficiency) of revenue over expenses	982,630	(370,385)	612,245	955,891
Fund balances, end of year	\$ 1,772,576	\$ 2,664,780	\$ 4,437,356	\$ 3,825,111

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash flows from (used in) operating activities:		
Excess of revenue over expenses	\$ 612,245	\$ 955,891
Change in non-cash operating working capital:		
Accounts receivable	(9,252)	41,080
Prepaid expenses and advances	(24,557)	50,153
Accounts payable	8,975	49,757
Accrued liabilities	(105,273)	154,372
Deferred contributions	62,782	(103,116)
Increase in cash and cash equivalents	544,920	1,148,137
Cash and cash equivalents, beginning of year	3,557,358	2,409,221
Cash and cash equivalents, end of year	\$ 4,102,278	\$ 3,557,358

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements

Year ended June 30, 2021

WCS Wildlife Conservation Society Canada ("WCS Canada") is a charity incorporated as a corporation without share capital. WCS Canada was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in October 2014. WCS Canada's mission is the protection and conservation of wildlife and wild lands and the promotion of understanding thereof. WCS Canada is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are as follows:

(a) Fund accounting:

WCS Canada follows the restricted fund method of accounting for contributions.

Fund balances are classified as follows:

Restricted	Funds subject to donor-imposed stipulations that will be met either by actions of WCS Canada and/or the passage of time
Unrestricted	Funds that are not subject to donor-imposed stipulations

(b) Revenue recognition:

Grants, contributions and donations, are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on an accrual basis and includes interest income on redeemable term deposits.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and term deposits, which are highly liquid with original maturities of less than three months. The term deposits with maturity date of less than one year are classified as cash and cash equivalents as they are redeemable at any time.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

(d) Allocation of expenses:

WCS Canada records a number of its expenses by major program. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program.

WCS Canada allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense. Expenditures incurred are for administrative and fundraising purposes. It is recognized that certain officers and employees perform a combination of fundraising and administrative activities and, as a result salaries are allocated based on time budgeted to the activity. Other operating and general costs, including professional and consulting fees, travel and occupancy costs have also been allocated based on the level of benefit received by fundraising and administration service.

(e) Government assistance:

WCS Canada has applied for financial assistance under available government incentive programs. Government assistance related to current expense is recognized as revenue during the period.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. WCS Canada has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, WCS Canada determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount WCS Canada expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of the following:

	2021	2020
Cash	\$ 3,374,216	\$ 2,833,955
Term deposits	728,062	723,403
	<u>\$ 4,102,278</u>	<u>\$ 3,557,358</u>

Term deposits of \$728,062 (2020 - \$723,403) are redeemable at any time, bear interest at 0.15% (2020 - ranging from 0.60% to 0.75%) and have maturity dates ranging from February 10, 2022 to June 28, 2022 (2020 - ranging from February 10, 2021 to June 28, 2021).

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2021

3. Related party transactions and balances:

The Wildlife Conservation Society ("WCS") provides significant funding and in-kind administrative services to support the activities of WCS Canada. The value of in-kind administrative services is not recorded in these financial statements. WCS receives funds to support WCS Canada's mission. These funds are transferred to WCS Canada as sub-grants and are included as revenue in the statement of operations.

Included in accounts payable are amounts owing to WCS totalling \$62,782 (2020 - nil). Revenue includes amounts received from WCS for direct funding of \$110,131 (2020 - \$200,406) and reimbursements of \$172,229 (2020 - \$173,088) of expenses incurred. Expenses include amounts paid to WCS of \$366,077 (2020 - \$173,384) to deliver in WCS Canada's conservation mission in Canada and internationally.

These transactions and balances are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. Commitments:

WCS Canada has operating lease commitments for its offices. The following are the minimum annual payments:

2022	\$ 93,100
2023	93,800
2024	88,300
2025	10,500
	<hr/>
	\$ 285,700

5. Government assistance:

Unrestricted government grants represents government assistance received by WCS Canada under the Canadian Emergency Wage Subsidy ("CEWS") program launched by the Canadian government in response to the COVID-19 pandemic outlined in note 8(d). In 2021, WCS Canada recognized income of \$462,157 (2020 - nil). Included in accounts receivable is \$215,936 (2020 - nil) related to the CEWS program.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2021

6. Accrued liabilities:

Included in accrued liabilities as at June 30, 2021 are remittances owing to the government of \$39,480 (2020 - \$5,118).

7. Allocation of expenses:

A portion of administration expenses are related to fundraising and have been allocated as below:

	2021	2020
Fundraising:		
Salaries and benefits	\$ 162,752	\$ 143,750
Purchase services	27,902	27,503
Office	8,411	5,418
Conferences, meetings and travel	49	676
Equipment or other	3,257	–
	<hr/>	<hr/>
	\$ 202,371	\$ 177,347

8. Financial risks and risk management:

The following risks remain consistent with the prior year, with the exception of the impact of disclosures in note 8(d):

(a) Currency risk:

WCS Canada is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, WCS Canada receives donations and incurs operating expenses denominated in U.S. dollars. WCS Canada does not currently enter into forward contracts to mitigate this risk.

(b) Liquidity risk:

Liquidity risk is the risk that WCS Canada will be unable to fulfill its obligations on a timely basis or at a reasonable cost. WCS Canada manages its liquidity risk by monitoring its operating requirements. WCS Canada prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2021

8. Financial risks and risk management (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. WCS Canada is exposed to credit risk with respect to the accounts receivable. WCS Canada assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(d) Market risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenue and expenses due to the modification of projects and lockdown measures.

WCS Canada applied for and received government assistance, as discussed in note 5.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Schedule of Expenses

Year ended June 30, 2021

			2021	2020
	Unrestricted	Restricted	Total	Total
Salaries and benefits	\$ 260,682	\$ 2,831,677	\$ 3,092,359	\$ 2,800,388
Purchased services	74,337	1,017,500	1,091,837	948,760
Conferences, meetings and travel	2,602	150,531	153,133	333,046
Supplies and equipment	4,266	578,484	582,750	387,425
Office	89,477	167,266	256,743	202,361
Sub-grants	178,657	480,555	659,212	682,907
Foreign exchange loss (gain)	80,400	17,474	97,874	(23,805)
	\$ 690,421	\$ 5,243,487	\$ 5,933,908	\$ 5,331,082