

Financial Statements of

**WCS WILDLIFE CONSERVATION
SOCIETY CANADA**

And Independent Auditors' Report thereon

Year ended June 30, 2019



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, 2019
- 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, 2019, 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 4, 2019

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Financial Position

June 30, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,409,221	\$ 2,382,087
Accounts receivable (note 3)	663,924	203,414
Prepaid expenses and advances	145,808	218,990
	<u>\$ 3,218,953</u>	<u>\$ 2,804,491</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable (note 3)	\$ 87,231	\$ 255,179
Accrued liabilities	159,386	122,288
Deferred contribution	103,116	48,994
	<u>349,733</u>	<u>426,461</u>
Fund balances:		
Restricted	2,207,663	2,059,156
Unrestricted	661,557	318,874
	<u>2,869,220</u>	<u>2,378,030</u>
Commitments (note 4)		
	<u>\$ 3,218,953</u>	<u>\$ 2,804,491</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, 2019, with comparative information for 2018

			2019	2018
	Unrestricted	Restricted	Total	Total
Revenue:				
Wildlife Conservation Society (note 3):				
Government	\$ –	\$ 44,278	\$ 44,278	\$ 13,453
Grant	28,152	29,588	57,740	20,478
Foundation contributions	–	19,631	19,631	39,504
Reimbursements	–	165,469	165,469	89,217
Foundation contributions	574,500	2,618,273	3,192,773	2,607,629
Government grants	–	1,114,257	1,114,257	296,577
Individual	186,449	154,277	340,726	237,776
Conference	–	304,929	304,929	–
Grants from non-government organizations	1,078	128,187	129,265	144,870
Other	58,809	862	59,671	62,785
Corporate contributions	4,575	12,000	16,575	–
	853,563	4,591,751	5,445,314	3,512,289
Expenses:				
Salaries and benefits	303,726	2,019,411	2,323,137	1,859,069
Purchased services (note 3)	59,456	887,058	946,514	675,499
Conferences, meetings and travel	40,281	830,866	871,147	294,663
Supplies and equipment	28,521	417,648	446,169	381,658
Office	77,514	119,252	196,766	166,280
Sub-grants	7,300	165,335	172,635	340,284
Foreign exchange loss (gain)	(5,918)	3,674	(2,244)	8,561
	510,880	4,443,244	4,954,124	3,726,014
Excess (deficiency) of revenue over expenses	\$ 342,683	\$ 148,507	\$ 491,190	\$ (213,725)

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2019, with comparative information for 2018

			2019	2018
	Unrestricted	Restricted	Total	Total
Fund balances, beginning of year	\$ 318,874	\$ 2,059,156	\$ 2,378,030	\$ 2,591,755
Excess (deficiency) of revenue over expenses	342,683	148,507	491,190	(213,725)
Fund balances, end of year	\$ 661,557	\$ 2,207,663	\$ 2,869,220	\$ 2,378,030

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash flows from (used in) operating activities:		
Excess (deficiency) of revenue over expenses	\$ 491,190	\$ (213,725)
Change in non-cash operating working capital:		
Accounts receivable	(460,510)	211,230
Prepaid expenses and advances	73,182	(139,198)
Accounts payable	(167,948)	203,016
Accrued liabilities	37,098	18,196
Deferred contribution	54,122	48,994
	27,134	128,513
Cash flows from investing activities:		
Transfer of investment to cash and cash equivalents	–	408,022
Increase in cash and cash equivalents	27,134	536,535
Cash and cash equivalents, beginning of year	2,382,087	1,845,552
Cash and cash equivalents, end of year	\$ 2,409,221	\$ 2,382,087

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements

Year ended June 30, 2019

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, 2019

1. Significant accounting policies (continued):

(d) 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.

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.

(e) 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.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2019

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of the following:

	2019	2018
Cash	\$ 1,591,926	\$ 1,260,357
Term deposits	817,295	1,121,730
	<u>\$ 2,409,221</u>	<u>\$ 2,382,087</u>

Term deposits of \$817,295 (2018 - \$1,121,730) are redeemable at any time, bear interest ranging from 0.85% to 1.35% (2018 - ranging from 0.85% to 2.00%) and have maturity dates ranging from February 10, 2020 to June 28, 2020 (2018 - ranging from August 10, 2018 to June 28, 2019).

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.

Accounts receivable includes a balance due from WCS in the amount of \$44,185 (2018 - \$41,573). Revenue includes amounts received from WCS for direct funding of \$121,649 (2018 - \$20,478) and reimbursements of \$165,469 (2018 - \$89,217) of expenses incurred. Accounts payable includes balance due to WCS in the amount of nil (2018 - \$96,752). Purchased services include amounts paid/payable to WCS of \$259,719 (2018 - \$128,919) to deliver in WCS Canada's international conservation mission.

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.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2019

4. Commitments:

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

2020	\$ 92,000
2021	76,800
2022	58,400
2023	60,300
Thereafter	72,600
	<hr/>
	\$ 360,100

5. Financial risks and risk management:

(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. There has been no change to the risk exposure from 2018.

(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. There has been no change to the risk exposures from 2018.

(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. There has been no change to the risk exposures from 2018.