

**CANADIAN PARKS AND
WILDERNESS SOCIETY - BC
CHAPTER**

**Financial Statements
March 31, 2018**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER

Report on the Financial Statements

We have audited the accompanying financial statements of Canadian Parks and Wilderness Society - BC Chapter, which comprise the statement of financial position as at March 31, 2018 and the statement of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations and other unreceiptable 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 and we were unable to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, cash flows, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Parks and Wilderness Society - BC Chapter at March 31, 2018, 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.

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Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
July 31, 2018

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CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER
Statement of Financial Position
March 31

	2018	2017
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 1,320,978	\$ 1,034,661
Accounts receivable	15,656	168,267
Prepaid expenses	13,141	8,862
	1,349,775	1,211,790
Investments - Restricted (note 5)	96,000	96,000
Capital Assets (note 6)	8,102	9,965
	\$ 1,453,877	\$ 1,317,755
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 42,785	\$ 51,402
Deferred revenue (note 7)	1,078,212	968,608
	1,120,997	1,020,010
Deferred Capital Contributions (note 8)	8,090	9,953
	1,129,087	1,029,963
Net Assets		
Unrestricted	174,790	155,957
Internally Restricted Endowment Fund	150,000	0
Internally Restricted	0	131,835
	324,790	287,792
	\$ 1,453,877	\$ 1,317,755

Commitment (note 10)

Approved by the Board:

 Signature removed for web Director

 Signature removed for web Director

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER
Statement of Operations
Year Ended March 31

	2018	2017
Revenues		
Foundation grants	\$ 629,741	\$ 591,138
Chapter grant (note 11)	319,356	257,550
Donations (note 11)	207,168	113,982
BC Gaming Commission	97,071	126,174
Government grants	61,193	97,279
Interest and other (note 11)	13,977	11,281
Recoveries	12,683	10,597
Bequests (note 11)	7,122	6,892
Special events	4,683	30,946
Amortization of deferred capital contributions (note 8)	3,292	4,046
	1,356,286	1,249,885
Expenses		
Personnel	725,818	634,433
Contract fees and honoraria	177,958	156,390
Travel and accommodation	84,173	152,666
Program related events and venue costs	77,172	112,530
Rent and utilities	60,827	58,215
Office	30,538	38,222
Professional fees	11,000	10,131
Reports and publications	10,655	14,994
Insurance	3,341	2,393
Advertising and promotion	2,679	3,328
Amortization	3,292	4,046
	1,187,453	1,187,348
Excess of Revenues over Expenses for the Year	\$ 168,833	\$ 62,537

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

	Internally Restricted Endowment Fund	Internally Restricted (note 9)	Unrestricted	2018	2017
Balance, Beginning of Year	\$ 0	\$ 131,835	\$ 155,957	\$ 287,792	\$ 225,255
Excess of revenues over expenses for the year	0	0	168,833	168,833	62,537
Transfer	150,000	0	(150,000)	0	0
Investment in Endowment Fund (note 9)	0	(131,835)	0	(131,835)	0
Balance, End of Year	\$ 150,000	\$ 0	\$ 174,790	\$ 324,790	\$ 287,792

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER
Statement of Cash Flows
Year Ended March 31

	2018	2017
Operating Activities		
Excess of revenues over expenses	\$ 168,833	\$ 62,537
Items not involving cash		
Amortization of deferred capital contributions	(3,292)	(4,046)
Amortization	3,292	4,046
	168,833	62,537
Changes in non-cash working capital		
Accounts receivable	152,611	(127,440)
Prepaid expenses	(4,279)	(3,151)
Accounts payable and accrued liabilities	(8,617)	(63,433)
GST payable	0	(1,345)
Deferred revenue	109,604	171,862
Deferred capital contributions	1,429	3,858
	250,748	(19,649)
Cash Provided by Operating Activities	419,581	42,888
Investing Activities		
Redemption of short-term investments - restricted	0	96,329
Purchase of investments - restricted	0	(96,000)
Purchase of capital assets	(1,429)	(3,858)
Investment in Endowment Fund	(131,835)	0
Cash Used in Investing Activities	(133,264)	(3,529)
Inflow of Cash	286,317	39,359
Cash and Cash Equivalents, Beginning of Year	1,034,661	995,302
Cash and Cash Equivalents, End of Year	\$ 1,320,978	\$ 1,034,661
Represented by:		
Cash on hand	\$ 220,978	\$ 83,834
Cash held at Raymond James - internally restricted endowment fund	150,000	0
Term deposit - interest at 0.90% per annum (2017 - 1.00%), maturing November 9, 2018	225,000	350,000
Term deposit - interest at 1.20% per annum (2017 - 0.90%), maturing December 22, 2018	525,000	525,000
Term deposit - interest at 1.20% per annum, maturing October 31, 2018	200,000	0
Term deposit - interest at 0.90% per annum, matured February 9, 2017	0	75,827
	\$ 1,320,978	\$ 1,034,661

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER

Notes to Financial Statements

Year Ended March 31, 2018

1. NATURE OF OPERATIONS

Canadian Parks and Wilderness Society - BC Chapter (the "Society") was incorporated on January 17, 1992 under the *Society 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 endowment fund

The restricted amount was established by the Board in 2018. The Society is entitled only to the investment income for its operations, which will be distributed to the Society periodically.

The assets in the internally restricted endowment fund are independently managed.
- (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.

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER
Notes to Financial Statements
Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (Continued)

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.

(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 on the basis of its useful life 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.

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER
Notes to Financial Statements
Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER

Notes to Financial Statements

Year Ended March 31, 2018

3. FINANCIAL INSTRUMENTS (Continued)

(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.

4. CASH AND CASH EQUIVALENTS

	2018	2017
Restricted cash	\$ 1,070,742	\$ 939,078
Internally restricted endowment fund	150,000	0
Unrestricted cash	100,236	95,583
	\$ 1,320,978	\$ 1,034,661

5. INVESTMENTS - RESTRICTED

Investments consist of term deposits held at amortized cost.

	2018	2017
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
	\$ 96,000	\$ 96,000

As at March 31, 2018, \$96,000 (2017 - \$96,000) of investments were externally restricted for specific programs.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018	2017
Computer equipment	\$ 22,758	\$ 15,637	\$ 7,121	\$ 8,739
Office equipment	4,445	3,464	981	1,226
	\$ 27,203	\$ 19,101	\$ 8,102	\$ 9,965

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER

Notes to Financial Statements

Year Ended March 31, 2018

7. DEFERRED REVENUE

	2018	2017
Balance, beginning of year	\$ 968,608	\$ 796,746
Grants received during the year	1,138,087	1,168,743
Funds recognized in revenue during the year	(1,028,483)	(996,881)
Balance, end of year	\$ 1,078,212	\$ 968,608

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:

	2018	2017
Balance, beginning of year	\$ 9,953	\$ 10,141
Capital contributions received	1,429	3,858
Amounts amortized to revenue	(3,292)	(4,046)
Balance, end of year	\$ 8,090	\$ 9,953

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.

The Society is entitled only to the investment income on these funds, which was \$1,212 for the year ended March 31, 2018 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.

CANADIAN PARKS AND WILDERNESS SOCIETY - BC CHAPTER

Notes to Financial Statements

Year Ended March 31, 2018

10. COMMITMENT

The Society renewed its lease agreement for its premises for a term of five years. Under the terms of the lease, the Society is required to pay a monthly base rent plus its share of taxes and operating costs. The remaining commitment for the lease is \$285,681 expiring on December 31, 2022.

2019	\$	58,794
2020		59,061
2021		60,129
2022		61,198
2023		46,499
	\$	285,681

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 \$289,401 (2017 - \$249,506) 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 \$216,226 (2017 - \$123,194) of these donations was included within donations, bequests, and interest and other revenues.

12. REMUNERATION FOR DIRECTORS, EMPLOYEES AND CONTRACTORS

During the year ended March 31, 2018, the Society paid two employees total remuneration of \$169,409 (2017 - \$166,080). 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. The balance at March 31, 2018 was \$nil (2017 - \$nil).