

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Financial Statements
March 31, 2023

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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 financial statements of Canadian Parks and Wilderness Society - British Columbia (the "Society"), which comprise:

- ♦ the statement of financial position as at March 31, 2023;
- ♦ the statement of operations for the year then ended;
- ♦ the statement of changes in net assets for the year then ended;
- ♦ the statement of cash flows for the year then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

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 the Society as at March 31, 2023 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 Qualified Opinion

In common with many charitable organizations, the Society derives a portion of its revenue from donations and other unreceipted activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 expenditures, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 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 *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 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.

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 Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Professional Accountants

Vancouver, British Columbia

August 10, 2023

DRAFT - FOR DISCUSSION PURPOSES ONLY

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Statement of Financial Position
March 31

	2023	2022
Assets		
Current		
Cash and cash equivalents (note 4)	\$ 706,021	\$ 768,112
Accounts receivable	65,054	102,037
Marketable securities (note 5)	384,840	434,403
Prepaid expenses and deposits	20,029	8,647
Due from National Office (note 15)	554,246	600,000
	1,730,190	1,913,199
Investments (note 6)	96,625	96,000
Capital assets (note 7)	7,444	7,636
	\$ 1,834,259	\$ 2,016,835
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 54,965	\$ 69,017
Deferred revenue (note 8)	1,084,671	1,224,317
	1,139,636	1,293,334
Deferred capital contributions (note 9)	7,444	7,636
	1,147,080	1,300,970
Net Assets		
Unrestricted	300,747	277,646
Internally restricted	386,432	438,219
	687,179	715,865
	\$ 1,834,259	\$ 2,016,835

Commitment (note 11)

Approved on behalf of the Board

_____ Director

_____ Director

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Statement of Operations
Year Ended March 31

	2023	2022
Revenues		
Foundation grants (note 12)	\$ 1,357,269	\$ 1,085,091
Donations (note 12)	183,533	186,240
BC Gaming Commission	86,104	222,582
Corporate donations (note 12)	44,140	23,528
Interest and other investment income (note 10)	36,032	26,349
Government grants	12,473	-
Special events (note 12)	10,394	9,858
Bequests (note 12)	4,000	228
Amortization of deferred capital contributions	3,190	2,715
Recoveries	1,155	2,234
	1,738,290	1,558,825
Expenditures		
Personnel	898,556	969,860
Contract fees and honoraria	522,931	405,552
Advertising and promotion	89,718	32,493
Program related events and venue costs	78,696	71,826
Travel and accommodation	41,527	20,814
Rent and utilities	34,977	37,183
Reports and publications	20,886	13,968
Insurance	6,865	6,145
Office	3,246	3,272
Amortization	3,190	2,715
	1,700,592	1,563,828
Excess (deficiency) of revenues over expenditures before other items	37,698	(5,003)
Other items		
Gain on sale of marketable securities	11,735	3,847
Unrealized gain (loss) on investments	(78,119)	53,352
Writedown of rental deposit	-	(4,036)
	(66,384)	53,163
Excess (deficiency) of revenues over expenditures for year	\$ (28,686)	\$ 48,160

See notes to financial statements

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

	Internally Restricted	Unrestricted	Total 2023	Total 2022
Balance, beginning of year	\$ 438,219	\$ 277,646	\$ 715,865	\$ 667,705
Excess (deficiency) of revenues over expenditures	(51,787)	23,101	(28,686)	48,160
Balance, end of year	\$ 386,432	\$ 300,747	\$ 687,179	\$ 715,865

See notes to financial statements

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Statement of Cash Flows
Year Ended March 31

	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (28,686)	\$ 48,160
Items not involving cash		
Amortization	3,190	2,715
Amortization of deferred capital contributions	(3,190)	(2,715)
Capital contributions	4,298	7,217
Gain on sale of marketable securities	(11,735)	(3,847)
Unrealized loss (gain) on investments	78,119	(53,352)
Writedown of rental deposit	-	4,036
	41,996	2,214
Changes in non-cash working capital		
Accounts receivable	36,983	(84,885)
Marketable securities	4,865	4,137
Prepaid expenses and deposits	(11,382)	1,431
Due from National Office	45,754	-
Accounts payable and accrued liabilities	(14,052)	35,079
Deferred revenue	(139,646)	40,138
	(77,478)	(4,100)
Cash used in operating activities	(35,482)	(1,886)
Investing activities		
Purchase of capital assets	(4,298)	(7,217)
Proceeds on sale of marketable securities	32,819	29,480
Purchase of marketable securities	(54,505)	(28,682)
Proceeds from maturity of investments	25,000	-
Purchase of investments	(25,625)	-
Cash used in investing activities	(26,609)	(6,419)
Outflow of cash and cash equivalents	(62,091)	(8,305)
Cash and cash equivalents, beginning of year	768,112	776,417
Cash and cash equivalents, end of year	\$ 706,021	\$ 768,112
Cash and cash equivalents consist of:		
Cash	\$ 299,731	\$ 364,297
Cash held at Raymond James - internally restricted fund	1,592	3,815
Cashable term deposit - interest at 3.75% (2022 - 0.35%) per annum, maturing December 22, 2023	404,698	400,000
	\$ 706,021	\$ 768,112

See notes to financial statements

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2023

1. 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 became registered as a charitable organization on April 1, 2019.

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 co-operatively with government, business, other organizations and individuals in a consensus-seeking manner whenever possible.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

- (a) Net assets

Unrestricted

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

Internally restricted

Internally restricted funds consist of amounts established by the Board in 2018. These funds have been internally restricted for the following purposes which require Board approval for use:

	2023	2022
Emergency	\$ 400,000	\$ 400,000
Internal line of credit	150,000	150,000
Capacity building	350,000	350,000
	\$ 900,000	\$ 900,000

Internally restricted funds are funded through restricted cash of \$1,592 (2022 - \$3,815) (note 4) and restricted investments of \$384,840 (2022 - \$434,403) (note 5). Remaining internally restricted funds are to be funded through investments receivable from the National Office of \$554,246 (2022 - \$600,000) (note 15).

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Notes to Financial Statements
Year Ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(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 collections is reasonably assured.

Special events revenue are recognized when earned.

Investment income includes dividends and interest income and is recognized as earned in accordance with the terms of the instrument. Realized and unrealized gains (losses) on investments are recognized in the period that such gain (losses) occur.

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 include term deposits that are cashable within 90 days.

(d) Amortization

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

Computer equipment	30 %
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(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 - BRITISH COLUMBIA
Notes to Financial Statements
Year Ended March 31, 2023

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 collectability of accounts receivable, useful lives of capital assets, and completeness of accrued liabilities. 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) Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and financial liabilities at amortized cost except for equity investments which are measured at fair value.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenues over expenditures. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in excess of revenues over expenditures provided it is not greater than the amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into income on a straight-line basis over the term of the instrument. All other transaction costs are recognized in excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Society has designated its marketable securities and due from National Office to be measured at fair value.

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Notes to Financial Statements
Year Ended March 31, 2023

3. FINANCIAL INSTRUMENTS

(a) 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 and due from National Office as funds are receivable once donations have been received by National Office.

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

(b) 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. The Society currently has sufficient current assets to satisfy its liabilities.

(c) Interest rate risk

To the extent that prevailing interest rates differ from the interest rate on the Society's monetary assets and liabilities, the Society is exposed to interest price risk.

To the extent that payments made or received on the Society's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Society is exposed to interest rate cash flow risk.

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

(d) 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 fluctuates with changes in market prices.

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2023

4. CASH AND CASH EQUIVALENTS

	2023	2022
Restricted	\$ 486,534	\$ 531,019
Unrestricted	217,895	233,278
Internally restricted	1,592	3,815
	\$ 706,021	\$ 768,112

5. MARKETABLE SECURITIES

The Society's investments are comprised of equity, trust unit and fixed income investments carried at fair market value based on the quoted market prices of the securities at March 31, 2023. The composition of marketable securities is as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Equities	\$ 293,981	\$ 243,287	\$ 337,817	\$ 246,586
Trust units	40,751	53,661	96,586	71,807
Fixed income	50,108	50,000	-	-
	\$ 384,840	\$ 346,948	\$ 434,403	\$ 318,393

For the year ended March 31, 2023, the unrealized loss on the marketable securities was \$78,119 (2022 - unrealized gain of \$53,352).

6. INVESTMENTS

Investments consist of term deposits held at amortized cost.

	2023	2022
Term deposit bearing interest at 3.35% (2022 - 1.50% to 2.20%) per annum, maturing August 22, 2025	\$ 71,000	\$ 71,000
Term deposit bearing interest at 4.25% (2022 - 1.50% to 2.20%) per annum, maturing December 22, 2025	25,625	25,000
	\$ 96,625	\$ 96,000

7. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 15,353	\$ 7,909	\$ 7,444	\$ 7,636

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA

Notes to Financial Statements

Year Ended March 31, 2023

8. DEFERRED REVENUE

	2023	2022
Balance, beginning of year	\$ 1,224,317	\$ 1,184,179
Grants received during the year	1,375,119	1,356,914
Recognized as revenue during the year	(1,469,012)	(1,316,776)
Decrease in value on investment held at National Office	(45,753)	-
Balance, end of year	\$ 1,084,671	\$ 1,224,317

Deferred revenue is to be used towards the following purposes:

	2023	2022
Conservation - National Office	\$ 554,246	\$ 600,000
Terrestrial	140,108	191,337
Other - National Office	137,195	-
Marine	127,952	218,148
Conservation - Community Gaming	125,170	58,273
Decolonization	-	156,559
	\$ 1,084,671	\$ 1,224,317

9. 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:

	2023	2022
Balance, beginning of year	\$ 7,636	\$ 3,648
Capital contributions received	4,298	7,217
Contribution related to asset disposed of	(1,300)	(514)
Amounts amortized to revenue	(3,190)	(2,715)
Balance, end of year	\$ 7,444	\$ 7,636

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Notes to Financial Statements
Year Ended March 31, 2023

10. ENDOWMENT FUND

The Society, with the approval of the Board of Directors, 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 (2022 - \$131,835).

The Society is entitled only to the investment income on these funds, which was \$7,002 (2022 - \$5,588) 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 when it is earned and is used for general operations.

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

11. COMMITMENT

The Society has a current lease agreement for premises expiring on December 31, 2023. The total base rent payments for the year ending March 31, 2024 are \$24,570.

12. RELATED PARTY TRANSACTIONS

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

During the year, there were tax receipted grants of \$1,197,369 (2022 - \$1,094,108) received by the National Office, designated for work in British Columbia ("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 are received from BC members and are designated for work in BC. During the year, a total of \$164,830 (2022 - \$209,357) of these donations was included within donations, corporate donations, special events and bequests.

As at March 31, 2023, there was \$43,890 receivable (2022 - \$93,298) from National Office included in accounts receivable and \$6,882 (2022 - \$17,730) payable to the National Office included in accounts payable and accrued liabilities.

13. REMUNERATION OF EMPLOYEES, CONTRACTORS AND DIRECTORS

During the year ended March 31, 2023, the Society paid two employees more than \$75,000 each (2022 - two employees received remuneration in excess of \$75,000). Total remuneration of approximately \$162,000 (2022 - \$155,000) is included in personnel expense. The Society does not provide remuneration to its Board of Directors. The Society paid approximately \$155,000 (2022 - \$146,000) to one contractor during the year. This disclosure is in accordance with the *Societies Act* (British Columbia) that requires reporting of remuneration to employees or contractors in excess of \$75,000 per year.

14. LINE OF CREDIT

A line of credit is available to a maximum of \$40,000. Interest is charged at bank prime plus 3% per annum on any outstanding balance. The balance at March 31, 2023 was \$nil (2022 - \$nil).

CANADIAN PARKS AND WILDERNESS SOCIETY - BRITISH COLUMBIA
Notes to Financial Statements
Year Ended March 31, 2023

15. RESTRICTED DONATION

On December 22, 2017, the National Office received a donation in the amount of \$600,000 for the benefit of the B.C. Society. These funds have been invested by the National Office. The B.C. Society is able to access these funds through a funding request to the National Office. As amounts are for the benefit of the B.C. Society, but restricted in use, the donation has been recorded both as an accounts receivable and deferred revenue and recorded at the fair value of the investments as at March 31, 2023.

DRAFT - FOR DISCUSSION PURPOSES ONLY