

**YUKON CHAPTER
CANADIAN PARKS AND WILDERNESS SOCIETY**

FINANCIAL STATEMENTS

March 31, 2019

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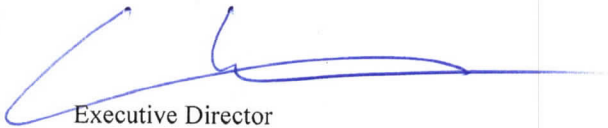
MANAGEMENT RESPONSIBILITY STATEMENT

The management of Yukon Chapter - Canadian Parks and Wilderness Society is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements are considered by management to present fairly the society's financial position and results of operations.

Management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by M. McKay & Associates Ltd., Chartered Professional Accountants, the society's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.



Executive Director

June 1, 2019

INDEPENDENT AUDITOR'S REPORT

To the Directors of Yukon Chapter - Canadian Parks and Wilderness Society

Qualified opinion

We have audited the financial statements of Yukon Chapter - Canadian Parks and Wilderness Society, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and 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 paragraph, the financial statements present fairly, in all material respects, the financial position of Yukon Chapter - Canadian Parks and Wilderness 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the society derives revenue from fundraising 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 not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 Auditor's 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 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's 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 auditor's 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 the 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 auditor's 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 auditor's 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.

M. McKay & Associates

M. McKay & Associates Ltd.
Chartered Professional Accountants

Whitehorse, Yukon
June 1, 2019

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
STATEMENT OF OPERATIONS
AND CHANGES IN NET ASSETS
For the year ended March 31, 2019

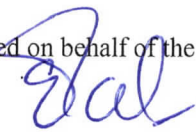
| | 2019 | 2018 |
|--|------------|------------|
| REVENUES | | |
| CPAWS National administered grants (note 8) | \$ 392,350 | \$ 335,603 |
| Other grants and contribution agreements (note 10) | 92,744 | 13,322 |
| Restricted additional contribution (note 9) | 44,712 | 43,656 |
| Other revenue (note 11) | 85,152 | 97,642 |
| Merchandise sales | 1,741 | 3,579 |
| | | |
| Deferred revenue (note 7) | (179,056) | (188,034) |
| Prior year deferred revenue | 188,034 | 307,774 |
| Deferred contribution for repayment of debt (note 7) | (24,625) | (22,640) |
| | 601,052 | 590,902 |
| EXPENSES | | |
| Salaries and related benefits | 401,875 | 293,162 |
| Travel | 40,504 | 29,408 |
| Amortization (note 4) | 17,077 | 17,002 |
| Professional fees | 16,732 | 21,497 |
| Campaign promotion | 14,723 | 9,899 |
| Building maintenance | 14,642 | 3,629 |
| Office and computer maintenance | 10,676 | 13,714 |
| Special events | 7,024 | 15,446 |
| Utilities | 5,620 | 6,410 |
| Interest on long-term debt | 5,588 | 5,884 |
| Telephone and Internet | 5,173 | 4,915 |
| Insurance | 4,191 | 3,079 |
| Property taxes | 3,471 | 3,569 |
| Meetings | 3,375 | 2,502 |
| Administration | 1,502 | 2,446 |
| Printing | 826 | 184 |
| Professional development | 815 | 415 |
| Interest and bank charges | 551 | 653 |
| Miscellaneous | 75 | 173 |
| | 554,440 | 433,987 |
| | | |
| EXCESS OF REVENUES OVER EXPENSES | 46,612 | 156,915 |
| Net assets, beginning of year | 429,188 | 272,273 |
| | | |
| Net assets, end of year | \$ 475,800 | \$ 429,188 |

See accompanying notes to the financial statements

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
STATEMENT OF FINANCIAL POSITION
March 31, 2019

| | ASSETS | |
|---|--------------------|-------------------|
| | 2019 | 2018 |
| CURRENT | | |
| Cash and cash equivalents | \$ 436,020 | \$ 402,377 |
| Accounts receivable | 201,082 | 155,692 |
| Prepaid expenses | 3,748 | 1,961 |
| | 640,850 | 560,030 |
| CAPITAL ASSETS (note 4) | 286,721 | 297,896 |
| | \$ 927,571 | \$ 857,926 |
| | LIABILITIES | |
| CURRENT | | |
| Accounts payable and accrued liabilities (note 5) | \$ 81,243 | \$ 32,436 |
| MORTGAGE LOANS (note 6) | 82,505 | 123,926 |
| DEFERRED REVENUE (note 7) | 288,023 | 272,376 |
| | 451,771 | 428,738 |
| | NET ASSETS | |
| UNRESTRICTED NET ASSETS | 475,800 | 429,188 |
| | \$ 927,571 | \$ 857,926 |

Approved on behalf of the Board:


 _____ Director


 _____ Director

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
STATEMENT OF CASH FLOWS
For the year ended March 31, 2019

| | 2019 | 2018 |
|---|------------|------------|
| OPERATING ACTIVITIES | | |
| Cash receipts from sponsors & customers | \$ 565,595 | \$ 426,700 |
| Cash paid to suppliers and employees | (529,595) | (441,198) |
| Interest received | 254 | 959 |
| Cash flow from (to) operating activities | 36,254 | (13,539) |
| INVESTING ACTIVITY | | |
| Purchase of capital assets | (5,902) | (2,964) |
| FINANCING ACTIVITIES | | |
| Decrease in mortgage loans | (41,421) | (33,817) |
| Contribution received for repayment of debt | 44,712 | 43,656 |
| Cash flow from financing activities | 3,291 | 9,839 |
| NET INCREASE (DECREASE) IN CASH | 33,643 | (6,664) |
| CASH, beginning of year | 402,377 | 409,041 |
| CASH, end of year | \$ 436,020 | \$ 402,377 |

See accompanying notes to the financial statements

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

1. Nature of the organization

Yukon Chapter - Canadian Parks and Wilderness Society (the "society") was incorporated under the Yukon Societies Act. Its mission is to establish a network of protected areas and conservation lands, and to safeguard wilderness and wildlife throughout the north. It is exempt from income taxation under Sec. 149(1)(1) of the Income Tax Act.

2. Significant accounting policies

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

a) Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Restricted contributions for the purchase of capital assets that are amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Contributions restricted for the repayment of a debt obtained for financing the purchase of capital assets is recognized as if the contributions themselves were restricted for the same purpose as the debt financing was used.

c) Due to the difficulty of measuring and valuing contributed materials and service, they are not reported in the financial statements.

d) Investments are reported at the lower of cost or market value.

e) Capital assets are recorded at cost in the year of purchase. Amortization of capital assets is recorded by the declining balance method at the following rates:

Building - 5%

Office equipment - 20%

Computer hardware and software - 30%

f) In preparing these financial statements, management made estimates and assumptions that affect the amounts reported. Areas requiring the use of estimates include deferred revenue, accrued liabilities, and amortization of capital assets. Actual results could differ from these estimates.

g) Financial assets and liabilities are initially measured at fair value. Subsequently, financial assets and liabilities are reported at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

3. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

3. Financial instruments, continued

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The society holds a Treasury bill mutual fund subject to market risk.

(c) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The society is exposed to credit risk in its bank deposits and accounts receivable.

(d) Concentration risk

Concentration risk is the risk that a funder has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the society in the event of a default by one of these funders. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At March 31, 2019, receivables through CPAWS National, grant administrator, comprised approximately 70% of the total outstanding receivables. The society reduces this risk by closely monitoring any overdue balances. In the opinion of management the concentration risk exposure to the society that is associated with their customers is low and is not material.

(e) Liquidity risk

Liquidity risk is the risk that the society cannot repay its obligations when they become due to its creditors. The society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and repays long term debt interest and principal as they become due. The society is exposed to liquidity risk in the accounts payable and accrued liabilities and mortgage loans due on demand.

(f) Interest rate risk

Interest rate risk is the risk that the society has interest rate exposure on its bank indebtedness, which are variable based on the bank's prime rates. This exposure may have an effect on its earnings in future periods. The society reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. In the opinion of management the interest rate risk exposure to the society low and is not material.

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

4. Capital assets

| | <u>2019</u> | | <u>2018</u> | |
|--------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Cost</u> | <u>Accumulated amortization</u> |
| Building | \$ 332,031 | \$ 54,473 | \$ 332,031 | \$ 39,864 |
| Office equipment | 40,657 | 39,576 | 40,657 | 39,306 |
| Computer hardware and software | 56,848 | 48,766 | 50,945 | 46,567 |
| | <u>429,536</u> | <u>142,815</u> | <u>423,633</u> | <u>125,737</u> |
| Net book value | <u>\$ 286,721</u> | | <u>\$ 297,896</u> | |

During the year ended March 31, 2016, the society acquired the property situated at 506 Steele Street, Whitehorse, YT from the National office of Canadian Parks and Wilderness Society. Mortgage loan is secured on this property with carrying amount of \$82,505 (note 6).

Amortization for the year amounted to \$17,077 (2018: \$17,002).

5. Accounts payable and accrued liabilities

| | <u>2019</u> | <u>2018</u> |
|---------------------------|------------------|------------------|
| Trade payable | \$ 19,216 | \$ 12,495 |
| Accrued liabilities | 22,775 | 19,941 |
| Deposit received in error | 39,252 | - |
| | <u>\$ 81,243</u> | <u>\$ 32,436</u> |

6. Mortgage loans

| | <u>2019</u> | <u>2018</u> |
|--|------------------|-------------------|
| Mortgage loan payable to CIBC, bearing interest at prime rate +1%, due on demand, secured by a mortgage on the property at 506 Steele St, Whitehorse, YT | <u>\$ 82,505</u> | <u>\$ 123,926</u> |
| Regular principal re-payments required are as follows: | | |
| 2020 | \$ 16,954 | |
| 2021 | 17,812 | |
| 2022 | 18,714 | |
| 2023 | 19,662 | |
| 2024 | 9,363 | |
| | <u>\$ 82,505</u> | |

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

6. Mortgage loans, continued

Mortgage loan re-payments are financed by a restricted contribution received from the National office of Canadian Parks and Wilderness Society (note 9).

The society anticipates principal re-payments to be at a minimum of \$30,000 per year.

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

7. Deferred Revenue

Externally restricted contributions are recognized as deferred revenue when related expenses are expected to be incurred in a future period.

| | 2019 | 2018 |
|---|------------|------------|
| <u>Deferred revenue</u> | | |
| 444 S Foundation | \$ 48,394 | \$ 46,931 |
| Wilburforce Foundation | 64,211 | 49,691 |
| Mike Dehn Memorial Fund | 8,983 | 8,983 |
| CPAWS National | 15,000 | - |
| Tides Canada - 1 | 19,503 | - |
| Friends of Canadian Wilderness | - | 35,196 |
| Tides Canada - 2 | 19,710 | 17,820 |
| Major donor - Blachford | - | 24,726 |
| Juri Peepre Memorial Fund | 3,255 | - |
| Other | - | 4,687 |
| | 179,056 | 188,034 |
| <u>Deferred contribution for repayment of debt</u> | | |
| CPAWS National office | 108,967 | 84,342 |
| | \$ 288,023 | \$ 272,376 |

Restricted contribution for the repayment of the mortgage loan on the society's building is recognized as revenue in the same periods as the amortization expense associated with the building. The deferred contribution for repayment of debt represents the portion of contribution received in excess of the amortization and long term debt expense.

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

8. Grants

Grants from the following sources were mainly received from the National office of Canadian Parks and Wilderness Society. The amounts reported are net of a 7.5% administration fee.

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|-------------------|-------------------|
| 444 S Foundation | \$ 96,999 | \$ 104,188 |
| Wilburforce Foundation | 189,560 | 137,892 |
| Campion Foundation | - | 29,125 |
| CPAWS National | 60,000 | - |
| Friends of Canadian Wilderness | - | 23,745 |
| Tides Canada - 2 | 27,750 | 27,750 |
| Tides Canada - 1 | <u>18,041</u> | <u>12,903</u> |
| | <u>\$ 392,350</u> | <u>\$ 335,603</u> |

9. Restricted additional contribution

The society entered an agreement with the National office of Canadian Parks and Wilderness Society to obtain a restricted contribution to finance the repayment of the mortgage loan. The restricted contribution is equal to the administration fees retained by the National office of Canadian Parks and Wilderness Society on the grants and donations administered.

10. Other grants and contribution agreements

| | <u>2019</u> | <u>2018</u> |
|------------------------------------|------------------|------------------|
| Government of Canada - Eco Canada | \$ 27,500 | \$ - |
| Government of Canada - ECCC | 50,000 | - |
| Government of Canada - Summer Jobs | 5,762 | 5,681 |
| Volunteer Benevoles Yukon | <u>9,482</u> | <u>7,641</u> |
| | <u>\$ 92,744</u> | <u>\$ 13,322</u> |

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

11. Other Revenue

| | 2019 | 2018 |
|----------------------------|-----------|-----------|
| Blachford donation | \$ - | \$ 24,726 |
| Juri Peepre bequest | 50,000 | - |
| Court case recovery | 252 | 38,399 |
| Other donations | 25,395 | 17,275 |
| Interest revenue | 236 | 959 |
| Cost recoveries and others | 9,269 | 16,283 |
| | \$ 85,152 | \$ 97,642 |

Juri Peepre bequest has been earmarked by the Society for the reserve fund. Subsequent to the year-end, the funds were invested in a guaranteed investment certificate.

12. Contingencies

The society is contingently liable for the repayment of the GST Public Services Bodies' Rebate claimed and received for over 10 years. The likelihood or amount of any potential liability cannot be reasonably determined and as such no liability has been accrued in these financial statements.

13. Economic dependence

The society is economically dependent upon the National office of Canadian Parks and Wilderness Society to administer grant funding.

14. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.