

**YUKON CHAPTER
CANADIAN PARKS AND WILDERNESS SOCIETY**

FINANCIAL STATEMENTS

March 31, 2020

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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.

The society, 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 10, 2020

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, 2020, 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, 2020 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, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 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.

Emphasis of matter

Without modifying our opinion, we draw attention to note 13 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 and its effect on the global economy. Our opinion is not modified in respect of this matter.

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, continued

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 10, 2020

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
STATEMENT OF OPERATIONS
AND CHANGES IN NET ASSETS
For the year ended March 31, 2020

	2020	2019
REVENUES		
CPAWS National administered grants (note 8)	\$ 571,195	\$ 392,350
Other revenue (note 11)	53,282	85,152
Restricted additional contribution (note 9)	54,239	44,712
Other grants and contribution agreements (note 10)	15,316	92,744
Merchandise sales	2,326	1,741
Prior year deferred revenue	179,056	188,034
Deferred revenue (note 7)	(191,680)	(179,056)
Deferred contribution for repayment of debt (note 7)	(37,134)	(24,625)
	646,600	601,052
 EXPENSES		
Salaries and related benefits	443,322	399,875
Travel and accommodation	48,366	40,504
Professional fees and honoraria	40,830	18,732
Amortization (note 4)	17,016	17,077
Special events	14,480	7,024
Office and computer maintenance	12,912	10,676
Utilities	6,030	5,620
Telephone and Internet	5,390	5,173
Meetings	4,544	3,375
Professional development	4,116	815
Insurance	3,868	4,191
Property taxes	3,551	3,471
Interest on long-term debt	3,228	5,588
Campaign promotion	2,789	14,723
Building maintenance	2,494	14,642
Administration	1,463	1,502
Interest and bank charges	544	551
Printing	11	826
Miscellaneous	-	75
	614,954	554,440
EXCESS OF REVENUES OVER EXPENSES	31,646	46,612
Net assets, beginning of year	475,800	429,188
Net assets, end of year	\$ 507,446	\$ 475,800

See accompanying notes to the financial statements

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
STATEMENT OF FINANCIAL POSITION
March 31, 2020

	ASSETS	
	<u>2020</u>	<u>2019</u>
CURRENT		
Cash and cash equivalents	\$ 262,424	\$ 304,020
Term deposits (note 12)	221,048	132,000
Accounts receivable	175,091	201,082
Prepaid expenses	<u>2,058</u>	<u>3,748</u>
	660,621	640,850
CAPITAL ASSETS (note 4)	<u>273,077</u>	<u>286,721</u>
	<u>\$ 933,698</u>	<u>\$ 927,571</u>
	LIABILITIES	
CURRENT		
Accounts payable and accrued liabilities (note 5)	\$ 49,564	\$ 81,243
MORTGAGE LOAN (note 6)	38,907	82,505
DEFERRED REVENUE (note 7)	<u>337,781</u>	<u>288,023</u>
	426,252	451,771
	NET ASSETS	
UNRESTRICTED NET ASSETS	<u>507,446</u>	<u>475,800</u>
	<u>\$ 933,698</u>	<u>\$ 927,571</u>

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, 2020

	2020	2019
OPERATING ACTIVITIES		
Cash receipts from sponsors & customers	\$ 667,714	\$ 565,595
Cash paid to suppliers and employees	(627,928)	(529,595)
Interest received	397	254
	40,183	36,254
INVESTING ACTIVITY		
Purchase of capital assets	(3,372)	(5,902)
FINANCING ACTIVITIES		
Decrease in mortgage loan	(43,598)	(41,421)
Contribution received for repayment of debt	54,239	44,712
	10,641	3,291
NET INCREASE IN CASH	47,452	33,643
CASH, beginning of year	436,020	402,377
CASH, end of year	\$ 483,472	\$ 436,020
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 262,424	\$ 304,020
Term deposits	221,048	132,000
	\$ 483,472	\$ 436,020

See accompanying notes to the financial statements

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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, 2020

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, 2020, receivables through CPAWS National, grant administrator, comprised approximately 90% 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, 2020

4. Capital assets

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Building	\$ 332,031	\$ 68,351	\$ 332,031	\$ 54,473
Office equipment	40,834	39,810	40,657	39,576
Computer hardware and software	60,042	51,669	56,848	48,766
	<u>432,907</u>	<u>159,830</u>	<u>429,536</u>	<u>142,815</u>
Net book value	<u>\$ 273,077</u>		<u>\$ 286,721</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 \$38,907 (note 6).

Amortization for the year amounted to \$17,016 (2019: \$17,077).

5. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Trade payable	\$ 12,360	\$ 19,216
Accrued liabilities	10,347	9,847
Deposit received in error	-	39,252
Payroll liabilities	26,857	12,928
	<u>\$ 49,564</u>	<u>\$ 81,243</u>

6. Mortgage loan

	<u>2020</u>	<u>2019</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 Street, Whitehorse, YT	<u>\$ 38,907</u>	<u>\$ 82,505</u>
Regular principal re-payments required are as follows:		
2021	\$ 19,161	
2022	19,746	
	<u>\$ 38,907</u>	<u> </u>

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

6. Mortgage loan, 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.

7. Deferred Revenue

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

	2020	2019
<u>Deferred revenue</u>		
444 S Foundation	\$ 39,837	\$ 48,394
Wilburforce Foundation	46,674	64,211
Mike Dehn Memorial Fund	-	8,983
CPAWS National	-	15,000
Tides Canada - 1	14,281	19,503
Wyss Foundation	69,936	-
Tides Canada - 2	20,952	19,710
Juri Peepre Memorial Fund	-	3,255
	191,680	179,056
<u>Deferred contribution for repayment of debt</u>		
CPAWS National office	146,101	108,967
	\$ 337,781	\$ 288,023

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, 2020

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>2020</u>	<u>2019</u>
444 S Foundation	\$ 125,065	\$ 96,999
Wilburforce Foundation	227,543	189,560
Conservation Alliance	36,308	-
CPAWS National	2,313	60,000
Friends of Canadian Wilderness	25,429	-
Uplands Foundation	50,000	-
Wyss Foundation	64,691	-
Tides Canada - 2	27,750	27,750
Tides Canada - 1	12,096	18,041
	<u>\$ 571,195</u>	<u>\$ 392,350</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>2020</u>	<u>2019</u>
Government of Canada - Eco Canada	\$ 2,500	\$ 27,500
Government of Canada - ECCC	-	50,000
Government of Canada - Summer Jobs	6,037	5,762
Volunteer Benevoles Yukon	-	9,482
Canadian Mountain Network	1,779	-
Government of Yukon	5,000	-
	<u>\$ 15,316</u>	<u>\$ 92,744</u>

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

11. Other Revenue

	2020	2019
Special events revenue	\$ 2,663	\$ -
Juri Peepre bequest	-	50,000
Court case recovery	-	252
Other donations	21,488	25,395
Interest revenue	397	236
Cost recoveries and others	28,734	9,269
	\$ 53,282	\$ 85,152

12. Term deposits

The term deposit is held with a Canadian chartered bank and bears interest at 1.325% per annum and matures in May 2020.

13. Contingencies

COVID-19

Before year-end, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the society will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus. The society's activities have not been significantly impacted thus far; however, the society continues to assess the impact COVID-19 will have on its operations. As the society relies on foundation grants for most of its revenues, a financial crisis (market downturn) would most likely have a negative impact on its fundraising efforts, and could create a financial risk for in the medium or long term.

OTHER

The society is contingently liable for the repayment of the GST Public Services Bodies's 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.

14. Economic dependence

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

YUKON CHAPTER - CANADIAN PARKS AND WILDERNESS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

15. 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.