

Financial Statements of

**WCS WILDLIFE CONSERVATION
SOCIETY CANADA**

Year ended June 30, 2016



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of WCS Wildlife Conservation Society Canada

We have audited the accompanying financial statements of WCS Wildlife Conservation Society Canada, which comprise the statement of financial position as at June 30, 2016, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of WCS Wildlife Conservation Society Canada as at June 30, 2016, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 7, 2016
Vaughan, Canada

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Financial Position

June 30, 2016, with comparative information for 2015

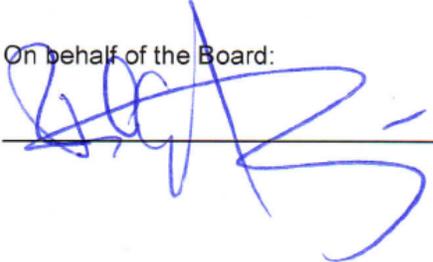
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,775,407	\$ 2,007,915
Accounts receivable (note 3)	415,067	209,127
Prepaid expenses and advances	85,425	80,954
	<u>2,275,899</u>	<u>2,297,996</u>
Investments (note 4)	400,000	—
	<u>\$ 2,675,899</u>	<u>\$ 2,297,996</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable	\$ 95,989	\$ 68,993
Accrued liabilities	69,994	47,864
Deferred contribution	—	20,000
	<u>165,983</u>	<u>136,857</u>
Fund balances:		
Restricted	2,351,032	2,065,183
Unrestricted	158,884	95,956
	<u>2,509,916</u>	<u>2,161,139</u>
Commitments (note 5)		
	<u>\$ 2,675,899</u>	<u>\$ 2,297,996</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Operations

Year ended June 30, 2016, with comparative information for 2015

			2016	2015
	Unrestricted	Restricted	Total	Total
Revenue:				
Wildlife Conservation Society:				
Grant	\$ 139,526	\$ –	\$ 139,526	\$ 178,595
Reimbursements (note 3)	–	296,086	296,086	112,712
Foundation contributions	118,495	2,331,799	2,450,294	2,219,373
Individual	32,658	145,507	178,165	78,889
Government grants	–	195,578	195,578	182,224
Grants from non-government organizations	52	126,550	126,602	58,054
Corporate contributions	550	–	550	16,000
Conferences	–	290,823	290,823	
Other	51,025	22,850	73,875	79,275
	<u>342,306</u>	<u>3,409,193</u>	<u>3,751,499</u>	<u>2,925,122</u>
Expenses:				
Salaries and benefits	155,567	1,427,872	1,583,439	1,279,474
Sub-grants	–	182,182	182,182	556,307
Purchased services (note 3)	24,750	783,533	808,283	328,597
Supplies and equipment	19,072	362,913	381,985	155,435
Office	53,962	95,529	149,491	132,431
Conferences, meetings and travel	13,466	279,493	292,959	118,619
Foreign exchange loss (gain)	12,561	(8,178)	4,383	(28,736)
	<u>279,378</u>	<u>3,123,344</u>	<u>3,402,722</u>	<u>2,542,127</u>
Excess of revenue over expenses	\$ 62,928	\$ 285,849	\$ 348,777	\$ 382,995

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2016, with comparative information for 2015

			2016	2015
	Unrestricted	Restricted	Total	Total
Fund balances, beginning of year	\$ 95,956	\$ 2,065,183	\$ 2,161,139	\$ 1,778,144
Excess of revenue over expenses	62,928	285,849	348,777	382,995
Fund balances, end of year	\$ 158,884	\$ 2,351,032	\$ 2,509,916	\$ 2,161,139

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Statement of Cash Flows

Year ended June 30, 2016, with comparative information for 2015

	2016	2015
Cash flows from (used in) operating activities:		
Excess of revenue over expenses	\$ 348,777	\$ 382,995
Change in non-cash operating working capital:		
Accounts receivable	(205,940)	(136,869)
Prepaid expenses and advances	(4,471)	7,297
Accounts payable	26,996	33,037
Accrued liabilities	22,130	(33,906)
Deferred contribution	(20,000)	20,000
	167,492	272,554
Cash flows used in investing activities:		
Purchase of investments	(400,000)	—
Increase (decrease) in cash and cash equivalents	(232,508)	272,554
Cash and cash equivalents, beginning of year	2,007,915	1,735,361
Cash and cash equivalents, end of year	\$ 1,775,407	\$ 2,007,915

See accompanying notes to financial statements.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements

Year ended June 30, 2016

WCS Wildlife Conservation Society Canada ("WCS Canada") is a charity incorporated as a corporation without share capital. WCS Canada was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act in October 2014. WCS Canada's mission is the protection and conservation of wildlife and wild lands and the promotion of understanding thereof. WCS Canada is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are as follows:

(a) Fund accounting:

WCS Canada follows the restricted fund method of accounting for contributions.

Fund balances are classified as follows:

Restricted	Funds subject to donor-imposed stipulations that will be met either by actions of WCS Canada and/or the passage of time
Unrestricted	Funds that are not subject to donor-imposed stipulations

(b) Revenue recognition:

Grants, contributions and donations, are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on an accrual basis and includes interest income on redeemable term deposits.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2016

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. WCS Canada has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, WCS Canada determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount WCS Canada expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2016

2. Cash and cash equivalents:

Cash and cash equivalents is comprised of the following:

	2016	2015
Cash	\$ 1,573,715	\$ 1,607,915
Term deposits	201,692	400,000
	<u>\$ 1,775,407</u>	<u>\$ 2,007,915</u>

Term deposits of \$201,692 (2015 - \$400,000) are redeemable at any time, bear interest at 1.15% (2015 - 0.90% to 1.20%) and mature on February 10, 2017 (2015 - March 4, 2016).

3. Related party transactions and balances:

The Wildlife Conservation Society ("WCS") provides significant funding and in-kind administrative services to support the activities of WCS Canada. The value of in-kind administrative services is not recorded in these financial statements. WCS receives funds to support WCS Canada's mission. These funds are transferred to WCS Canada as sub-grants and are included as revenue in the statement of operations.

Accounts receivable includes a balance due from WCS in the amount of \$39,661 (2015 - \$91,630). Revenue includes amounts received from WCS for direct funding of \$139,526 (2015 - \$178,595) and reimbursements of \$296,086 (2015 - \$112,712) of expenses incurred. Purchased services include amounts paid to WCS of \$140,514 (2015 - \$435,707) to deliver in WCS Canada's international conservation mission.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. Investments:

Investments are carried at fair value and consist of a term deposit bearing interest at 2.00% and maturing on August 10, 2018.

WCS WILDLIFE CONSERVATION SOCIETY CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2016

5. Commitments:

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

2017	\$ 85,600
2018	87,000
2019	74,300
2020	7,600
	<hr/>
	\$ 254,500

6. Financial risks and risk management:

(a) Currency risk:

WCS Canada is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, WCS Canada receives donations and incurs operating expenses denominated in U.S. dollars. WCS Canada does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2015.

(b) Liquidity risk:

Liquidity risk is the risk that WCS Canada will be unable to fulfill its obligations on a timely basis or at a reasonable cost. WCS Canada manages its liquidity risk by monitoring its operating requirements. WCS Canada prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2015.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. WCS Canada is exposed to credit risk with respect to the accounts receivable. WCS Canada assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposures from 2015.