

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
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YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Wildlife Preservation Canada/Conservation de la Faune au Canada

Qualified Opinion

We have audited the accompanying financial statements of Wildlife Preservation Canada/Conservation de la Faune au Canada, which comprise the statement of financial position as at December 31, 2022 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Wildlife Preservation Canada/Conservation de la Faune au Canada as at December 31, 2022 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 organization derives some of its individual donations from cash sources, 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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 organization 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 audit 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

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 judgement 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 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 Wildlife Preservation Canada/Conservation de la Faune au Canada'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 Wildlife Preservation Canada/Conservation de la Faune au Canada'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 Wildlife Preservation Canada/Conservation de la Faune au Canada 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.



Guelph, Ontario
May 11, 2023

Chartered Professional Accountants
Licensed Public Accountants

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,120,591	\$ 1,218,618
Accounts receivable	235,012	136,397
Prepaid expenses	<u>2,244</u>	<u>6,863</u>
	1,357,847	1,361,878
TANGIBLE CAPITAL ASSETS (note 4)	<u>7,875</u>	<u>9,333</u>
	<u><u>\$ 1,365,722</u></u>	<u><u>\$ 1,371,211</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 176,192	\$ 23,182
Government remittances payable	19,259	3,686
Current portion of long term debt (note 5)	30,000	0
Deferred income (note 6)	<u>121,555</u>	<u>287,759</u>
	347,006	314,627
LONG TERM DEBT (note 5)	<u>0</u>	<u>30,000</u>
	<u><u>347,006</u></u>	<u><u>344,627</u></u>
NET ASSETS		
NET ASSETS (note 7)	<u>1,018,716</u>	<u>1,026,584</u>
	<u><u>\$ 1,365,722</u></u>	<u><u>\$ 1,371,211</u></u>

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Government grants	\$ 916,460	\$ 542,101
Corporate and foundation donations	429,720	301,356
Individual donations	372,911	430,585
Contracted projects	103,442	87,061
Other income	<u>79,892</u>	<u>22,388</u>
	<u>1,902,425</u>	<u>1,383,491</u>
EXPENDITURES		
Project implementation	1,490,619	1,014,460
Fundraising and communications	193,691	167,290
Administrative	127,526	111,866
Conservation grants	<u>98,457</u>	<u>56,316</u>
	<u>1,910,293</u>	<u>1,349,932</u>
(DEFICIT) EXCESS OF REVENUES OVER EXPENDITURES for the year	(7,868)	33,559
NET ASSETS, beginning of year (note 7)	<u>1,026,584</u>	<u>993,025</u>
NET ASSETS, end of year (note 7)	<u>\$ 1,018,716</u>	<u>\$ 1,026,584</u>

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
(Deficit) excess of revenues over expenditures for the year	\$ (7,868)	\$ 33,559
Items not requiring an outlay of cash		
Amortization	<u>2,112</u>	<u>2,525</u>
	(5,756)	36,084
Changes in non-cash working capital		
Accounts receivable	(98,615)	140,023
Prepaid expenses	4,619	0
Accounts payable and accrued liabilities	153,010	(25,340)
Government remittances payable	15,573	(22,158)
Deferred income	<u>(166,204)</u>	<u>(88,922)</u>
	<u>(97,373)</u>	<u>39,687</u>
CASH USED IN INVESTING ACTIVITIES		
Additions to tangible capital assets	<u>(654)</u>	<u>(670)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(98,027)	39,017
NET CASH, BEGINNING OF YEAR	<u>1,218,618</u>	<u>1,179,601</u>
NET CASH, END OF YEAR	<u><u>\$ 1,120,591</u></u>	<u><u>\$ 1,218,618</u></u>

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. NATURE OF ORGANIZATION

Wildlife Preservation Canada/Conservation de la Faune au Canada is a not for profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Wildlife Preservation Canada/Conservation de la Faune au Canada is exempt from income tax. Its purpose is to save endangered species within Canada from extinction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations (ASNPO) contained in Part III of the CPA Canada Handbook. Policies considered significant are as follows:

(a) REVENUE RECOGNITION

The organization utilizes the deferral method of accounting for contributions. This treatment aligns the project revenue with the related expenditures and provides more intuitive and accurate reporting.

Revenue from government sources or donations, received for specific causes or related to specific projects is recognized in the same period as the underlying expenditures.

Donation revenue, other than for a specific cause, is recognized when received. Revenue from other sources is recognized as earned and collection is reasonably assured.

Externally restricted bequests are recognized in the same period as the underlying designated activity or expenditure. Undesignated bequests are recognized when received.

Endowment contributions are recognized as a direct increase in net assets in the period of donation. No such contributions have been received to date.

(b) CASH AND CASH EQUIVALENTS

The organization's cash and cash equivalents include cash on account and short term investments with remaining maturities of less than one year. These are valued at amortized cost.

(c) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Computer	- 30 % declining balance basis
Vehicles	- 30 % declining balance basis
Equipment	- 20 % declining balance basis

Amortization is recorded at 50% of the above rates in the year of addition.

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations 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 year. Significant areas requiring management's estimates include useful lives of capital assets. Actual results could differ from those estimates.

(e) **FINANCIAL INSTRUMENTS**

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(f) **CONTRIBUTED MATERIALS AND SERVICES**

Donated assets and contributed materials are recorded as revenue at fair market value when their value can be reasonably obtained.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2022 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2022	Net 2021
Computer	\$ 9,277	\$ 8,837	\$ 440	\$ 628
Vehicles	30,747	29,876	871	1,119
Equipment	<u>18,924</u>	<u>12,360</u>	<u>6,564</u>	<u>7,586</u>
	<u>\$ 58,948</u>	<u>\$ 51,073</u>	<u>\$ 7,875</u>	<u>\$ 9,333</u>

5. LONG TERM DEBT

	2022	2021
Canada Emergency Business Account loan (CEBA), 0% interest until December 31, 2023, 5% interest payments required afterward until principal due on December 31, 2025	<u>\$ 30,000</u>	<u>\$ 30,000</u>

If repaid by December 31, 2023, 25% of the original CEBA principal of \$40,000 will be forgiven. As the organization expects to meet these terms, \$10,000 has been recorded in revenues in 2020. The organization plans to repay the amount in 2023 in order to qualify for the loan forgiveness.

6. DEFERRED INCOME

The organization typically receives donations and grants in advance for conservation work planned in the future. These amounts are deferred until the work has been completed.

The remaining deferred income consists of grants received during 2022 which are intended to support conservation activities planned for the upcoming fiscal year.

	2022	2021
Balance, beginning of year	\$ 287,759	\$ 376,681
Less amount recognized as revenue in the year	(284,259)	(376,681)
Plus amount received related to the following year	<u>118,055</u>	<u>287,759</u>
Balance, end of year	<u>\$ 121,555</u>	<u>\$ 287,759</u>
Comprised of the following amounts:		
Foundation funded projects	\$ 25,377	\$ 287,759
Government funded projects	<u>96,178</u>	<u>0</u>
	<u>\$ 121,555</u>	<u>\$ 287,759</u>

WILDLIFE PRESERVATION CANADA/CONSERVATION DE LA FAUNE AU CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. NET ASSETS

The organization has a number of directly funded conservation projects and a number of projects that are funded through general operations as the opportunity and need arise. Due to the nature of conservation efforts, significant capital is often needed to hire the proper professional staff, set up research areas, purchase materials, and write proposals and outlines. The conservation projects cannot get fully underway without all of the required resources. There can be, and often are, delays between receiving funding and spending resources on the projects. Additionally, while certain conservation projects are directly funded through government agencies or industry grants, funding provided is often the maximum funding allowed so any extra costs needed are funded through the organization's reserves. Other significant conservation projects are funded through the entity's own net assets as the opportunity and need arise.

For these reasons, the organization has built up what it believes to be sufficient reserves to cover unforeseen interruptions in current funding, provide the ability to address conservation risks in Canada that are not currently backed by agencies or industry, and fund its own conservation initiatives.

8. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

As the pandemic continues to evolve with the emergence of new variants, organizations may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an organization's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting organizations to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.