

TNC Canada

Financial Statements
June 30, 2015



December 1, 2015

Independent Auditor's Report

**To the Member of
TNC Canada**

We have audited the accompanying financial statements of TNC Canada, which comprise the statement of financial position as at June 30, 2015 and the statements of operations and changes in net assets (liabilities) and cash flows for the year then ended, and the related notes, which comprise 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.

Auditor's 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 the auditor's 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, the auditor considers 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TNC Canada as at June 30, 2015 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants


TNC Canada

Statement of Financial Position

As at June 30, 2015

| | 2015 \$ | 2014 \$ |
|-------------------------------------------------------|-----------------|-----------------|
| Assets | | |
| Current assets | | |
| Cash | 195,680 | 328,153 |
| Grants receivable | 2,000 | — |
| Loans receivable from The Nature Conservancy (note 3) | — | 8,101 |
| Prepaid expenses | 6,216 | 5,026 |
| | <u>203,896</u> | <u>341,280</u> |
| Liabilities and Net Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 164,929 | 26,569 |
| Grants payable (note 4) | 103,144 | 233,700 |
| Deferred grants (note 6) | — | 133,000 |
| | <u>268,073</u> | <u>393,269</u> |
| Deferred lease inducements | <u>5,848</u> | <u>—</u> |
| | 273,921 | 393,269 |
| Net liabilities | <u>(70,025)</u> | <u>(51,989)</u> |
| | <u>203,896</u> | <u>341,280</u> |
| Commitments (note 7) | | |

Approved by the Board of Directors



Karen Berky, Chair of the Board

The accompanying notes are an integral part of these financial statements.

TNC Canada

Statement of Operations and Changes in Net Assets (Liabilities)

For the year ended June 30, 2015

| | 2015 \$ | 2014 \$ |
|-----------------------------------------------------|------------------|-----------------|
| Revenue | | |
| Contribution from The Nature Conservancy (note 3) | — | 278,970 |
| Donation from The Nature Conservancy (note 3) | 1,919,521 | 121,594 |
| Grants | 144,000 | 170,000 |
| Other donation | 2,000 | — |
| | <u>2,065,521</u> | <u>570,564</u> |
| Expense | | |
| Personnel and fringe benefits | 993,775 | 279,420 |
| Grants | 463,285 | 263,700 |
| Contract and professional fees | 400,763 | 35,680 |
| Travel | 179,433 | 75,677 |
| Rent | 11,543 | — |
| Other | 10,165 | 7,517 |
| Repairs and maintenance | 9,775 | — |
| Bank charges and interest | 8,778 | 2,602 |
| Supplies and equipment | 6,040 | 1,977 |
| | <u>2,083,557</u> | <u>666,573</u> |
| Net expense for the year | (18,036) | (96,009) |
| Net assets (liabilities) – Beginning of year | <u>(51,989)</u> | <u>44,020</u> |
| Net liabilities – End of year | <u>(70,025)</u> | <u>(51,989)</u> |

The accompanying notes are an integral part of these financial statements.

TNC Canada

Statement of Cash Flows

For the year ended June 30, 2015

| | 2015 \$ | 2014 \$ |
|-----------------------------------------------|------------------|----------------|
| Cash flows provided by (used in) | | |
| Operating activities | | |
| Net expense for the year | (18,036) | (96,009) |
| Item not affecting cash – | | |
| Lease inducements received – rent-free period | 5,848 | – |
| Net change in non-cash working capital items | <u>(120,285)</u> | <u>378,602</u> |
| Net change in cash for the year | (132,473) | 282,593 |
| Cash – Beginning of year | <u>328,153</u> | <u>45,560</u> |
| Cash – End of year | <u>195,680</u> | <u>328,153</u> |

The accompanying notes are an integral part of these financial statements.

TNC Canada

Notes to Financial Statements

June 30, 2015

1 Organization

TNC Canada was incorporated on November 21, 2012, under the provisions of the *Canada Not-for-profit Corporations Act* and became a registered charity on March 18, 2014. As a registered charity, TNC Canada is exempt from income taxes pursuant to subsection 149(1)(f) of the *Income Tax Act*.

The purpose of TNC Canada is to conserve the lands and waters on which all life depends.

The Nature Conservancy (“the Conservancy”) founded and is the sole member of TNC Canada.

2 Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 expense during the year. Actual results could differ from these estimates.

Revenue recognition

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

Where donations or grants are restricted and there is not an appropriate fund designated by TNC Canada, the contribution is deferred and is ultimately recognized as revenue in the general fund in the same period as the related expense it was restricted for.

Revenue from unrestricted donations, unrestricted grants, and fundraising is recognized as revenue in the general fund when cash is received.

3 Related party balances and transactions

Amounts owing from the Conservancy are unsecured, non-interest bearing and have no specific terms of repayment.

In addition to the contributions to TNC Canada during the year totaling \$nil (2014 – \$278,970) and donations totalling \$1,919,521 (2014 – \$121,594), the Conservancy provided various support services (including corporate management, ethics and compliance, legal, finance and administration, human resources and information technology) at no charge. The Conservancy also incurred \$64,685 (2014 – \$32,855) of contractual, communications and other expenses which were not charged back to TNC Canada.

TNC Canada

Notes to Financial Statements

June 30, 2015

4 Grants payable

As at June 30, 2015, TNC Canada had approved grants of various terms up to October 2015. Amounts are payable based on the terms of the grant, which may include pre-term costs or amounts which are paid out based on the submission of reports or supporting cost summaries.

5 Financial instruments

TNC Canada is subject to liquidity risk through its debts and obligations. To ensure TNC Canada is able to fund its obligations as they come due, it maintains accessible sources of liquidity, consisting of primarily cash balances. TNC Canada mitigates this risk by monitoring cash flows and maintaining a conservative level of debt suitable to TNC Canada's size in reference to the industry in which it operates.

It is management's opinion that TNC Canada is not subject to significant credit, currency, interest or other risk.

6 Deferred grants

| Balance – Beginning of year \$ | Amounts received \$ | Amounts recognized as revenue \$ | Balance – End of year \$ |
|-----------------------------------------|---------------------------|-------------------------------------------|--------------------------------|
| 133,000 | 11,000 | (144,000) | – |

7 Commitments

The company leases office space from a third party. The minimum lease payments under the operating lease, which expires May 2020, are as follows.

| | \$ |
|---------------------------|--------|
| Year ending June 30, 2016 | 43,294 |
| 2017 | 49,203 |
| 2018 | 49,203 |
| 2019 | 49,203 |
| 2020 | 43,025 |

During the year, TNC Canada signed agreements for services to be provided by third parties, which in aggregate, total \$355,036. These contracts have various expiry dates through June 2016. Amounts not yet paid on these contracts as of June 30, 2015 total \$75,100.