Nature CANADA

Financial Statements

For the year ended March 31, 2015

Collins Barrow

an independent member of BAKER TILLY INTERNATIONAL

Nature Canada
Financial Statements
For the year ended March 31, 2015

Contents

Collins Barrow

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Independent Auditor's Report

To the Members of Nature Canada

We have audited the accompanying financial statements of Nature Canada, which comprise the statement of financial position as at March 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

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

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Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nature Canada as at March 31, 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.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
August 12, 2015
Ottawa, Ontario

Nature Canada
Statement of Financial Position

March 31	2015	2014
Assets		
Current		
Cash and cash equivalents (Note 1)	**$ 78,395**	$ 156,807
Accounts receivable (Note 2)	**157,112**	87,714
Prepaid expenses	**28,068**	9,873
Current portion of investments (Note 3)	**512,805**	616,110
	776,380	870,504
Long-term portion of investments (Note 3)	**144,659**	207,336
Investments - life insurance (Note 4)	**6,878**	6,407
Tangible capital assets (Note 5)	**29,131**	30,839
	$ 957,048	$ 1,115,086
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 6)	**$ 174,076**	$ 133,776
Demand loan (Note 7)	**195,000**	90,000
Other loan payable (Note 8)	**20,000**	20,000
Deferred revenue (Note 9)	**12,461**	67,050
	401,537	310,826
Deferred revenue - life insurance (Note 4)	**6,878**	6,407
	408,415	317,233
Net assets		
Endowment (Note 10 a.)	**128,300**	125,300
Externally restricted (Note 10 b.)	**2,410**	2,410
Internally restricted (Note 10 c.)	**388,792**	521,943
Invested in tangible capital assets (Note 10 d.)	**29,131**	30,839
Unrestricted (Note 10 e.)	**-**	117,361
	548,633	797,853
	$ 957,048	$ 1,115,086

On behalf of the Board:

Richard Yank

Board Member & Chair

Ken Thorpe

Board Member & Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature Canada
Statement of Changes in Net Assets

For the year ended March 31, 2015

	Endowment	Externally Restricted	Internally Restricted	Invested in Tangible Capital Assets	Unrestricted	Total
Balance, beginning of year	$ 125,300	$ 2,410	$ 521,943	$ 30,839	$ 117,361	$ 797,853
Deficiency of revenue over expenses for the year	-	-	-	(12,816)	(239,404)	(252,220)
Additions to tangible capital assets	-	-	-	11,108	(11,108)	-
Contributions for endowment	3,000	-	-	-	-	3,000
Transfers (Note 10 c.)	-	-	(133,151)	-	133,151	-
Balance, end of year	$ 128,300	$ 2,410	$ 388,792	$ 29,131	$ -	$ 548,633

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

For the year ended March 31, 2014

	Endowment	Externally Restricted	Internally Restricted	Invested in Tangible Capital Assets	Unrestricted	Total
Balance, beginning of year	$ 120,300	$ 2,410	$ 517,680	$ 35,702	$ 45,255	$ 721,347
Excess (deficiency) of revenue over expenses for the year	-	-	-	(22,697)	94,203	71,506
Additions to tangible capital assets	-	-	-	18,294	(18,294)	-
Proceeds on disposal of tangible capital assets	-	-	-	(460)	460	-
Contributions for endowment	5,000	-	-	-	-	5,000
Transfers (Note 10 c.)	-	-	4,263	-	(4,263)	-
Balance, end of year	$ 125,300	$ 2,410	$ 521,943	$ 30,839	$ 117,361	$ 797,853

Nature Canada
Statement of Operations

For the year ended March 31	2015	2014
Revenue		
Donations, bequests and memberships	**$ 993,431**	$ 916,462
Corporation, government and foundation funding	**527,021**	708,384
Other	**13,101**	17,380
Investment income (Note 17)	**63,389**	95,660
BirdLife International Conference	**-**	862,490
	1,596,942	2,600,376
Expenses (Notes 11 and 17)		
Conservation programs	**1,038,825**	918,407
Conservation education and communications	**393,207**	364,542
Fund development	**272,502**	281,955
Finance and administration	**144,628**	114,942
BirdLife International Conference	**-**	849,024
	1,849,162	2,528,870
Excess (deficiency) of revenue over expenses for the year	**$ (252,220)**	$ 71,506

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature Canada
Statement of Cash Flows

For the year ended March 31	2015	2014
Cash flows from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	**$ (252,220)**	$ 71,506
Adjustments for		
Amortization of tangible capital assets (Note 5)	**12,816**	22,697
Net change in balance of unrealized (gain) loss on investments	**36,621**	(64,672)
Fair value of donated investments (Note 17)	**(21,973)**	(26,564)
Changes in non-cash working capital balances		
Accounts receivable	**(69,398)**	(9,530)
Prepaid expenses	**(18,195)**	46,211
Accounts payable and accrued liabilities	**40,300**	(52,230)
Deferred revenue	**(54,589)**	(186,850)
	(326,638)	(199,432)
Cash flows from (used in) financing activities		
Increase in demand loan - net	**105,000**	90,000
Contributions for endowment	**3,000**	5,000
	108,000	95,000
Cash flows from (used in) investing activities		
Decrease in investments - net	**151,334**	42,273
Additions to tangible capital assets	**(11,108)**	(18,294)
Proceeds of disposal of tangible capital assets	**-**	460
	140,226	24,439
Decrease in cash and cash equivalents during the year	**(78,412)**	(79,993)
Cash and cash equivalents, beginning of year (Note 1)	**156,807**	236,800
Cash and cash equivalents, end of year (Note 1)	**$ 78,395**	$ 156,807

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2015

Nature of Organization

Nature Canada (the "organization") is a member-based not-for-profit nature conservation organization dedicated to protecting nature, its diversity, and the processes that sustain it. With strategies based on sound science and passion for nature, the organization effects change in issues of national significance, including bird conservation, wilderness protection, species at risk and national parks. Through public outreach and education, Nature Canada is building a nature ethic among Canadians.

The organization was incorporated under the Canada Corporations Act until October 30, 2013. Effective October 30, 2013 the organization received its Certificate of Continuance under the Canada Not-for-profit Corporations Act with its full legal name being Nature Canada Canada Nature.

Under its Certificate of Continuance, the organization's statement of purpose is:

- Conserving and protecting birds and other wildlife and, where practical, restoring their habitats;
- Identifying, monitoring and conserving a network of protected sites for wildlife in Canada;
- Carrying out educational programs which foster an appreciation and understanding of nature;
- Carrying out environmental research and disseminating the results of research to the public;
- Raising public awareness about the importance of nature conservation and wildlife protection; and
- Encouraging environmental stewardship of species and habitats.

In addition, in the event of dissolution or wind-up of the organization, and following the satisfaction of all of its debts and obligations, notwithstanding any statutory or other provisions to the contrary, the organization's remaining assets shall be disposed of to such charitable organizations in such manner as, in the opinion of the organization's Board of Directors, will assist in continuing the purposes of the organization.

The organization is a registered charitable organization, may issue charitable donation receipts to donors and as such is not subject to income taxes under the Income Tax Act (Canada) on its charitable and related business activities.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting polices.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the fiscal period in which they become known.

Significant estimates include assumptions used in estimating the fair value of financial instruments; in estimating the amount and collectibility of accounts receivable; in establishing the useful lives and related amortization of tangible capital assets; in estimating provisions for accrued liabilities; in estimating the amount of funding earned, accrued and deferred; and in estimating expense allocations.

Financial Instruments

Financial instruments are financial assets or financial liabilities of the organization where, in general, the organization has the right to receive cash or another financial asset from another party or the organization has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

Financial instruments are recorded at fair value on initial recognition. 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 the instruments are quoted in an active market and the organization has elected to carry the instruments at fair value. The organization has elected to carry its investments that are quoted in active market at fair value.

Transaction costs

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 to operations using the straight-line method or the effective interest method if the required information is reasonably obtainable.

Impairment

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the specific financial asset.

Financial Instruments (continued)	*Impairment (continued)* 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 the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, impairment losses will be reversed to the extent of the improvement, not exceeding the initial carrying value.
Cash and Cash Equivalents	The organization considers cash and cash equivalents to be cash balances and highly liquid investments with original maturities of three months or less.
Capital Assets	Tangible capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated useful life of a tangible asset are capitalized. When a tangible capital asset no longer contributes to the organization's ability to provide services, its carrying amount is written down to its residual value. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis using the following rates: Computer equipment — 5 years Office furniture and equipment — 5 years Leasehold improvements — Term of lease Works of art are recorded at cost and are not amortized. Intangible capital assets being computer software and website costs are charged to the statement of operations as an expense in the year of acquisition.
Net Assets	Unrestricted net assets relate to the organization's program delivery and administrative activities. Net assets invested in tangible capital assets are internally restricted by the organization and represent the organization's investment in tangible capital assets represented by its net book value. Other internally restricted net assets and externally restricted net assets represent balances available for the activities of the organization for which the funding is restricted to that activity and are described in Note 10 b. and Note 10 c. to these financial statements. Contributions restricted for endowment consist of funds received which the donor has designated as an endowment. The annual income earned from funds designated as endowment by the donor may be expended

Net Assets (continued)

only for the purpose designated. Actual investment income earned in excess of the distributed amount is deferred and is available for future distribution. If no purpose is designated by the donor then the income is expended at the direction of the organization's Board of Directors.

Revenue Recognition

The organization uses the deferral method of accounting for contributions. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, including donations and bequests, conservation project contributions, and restricted investment income are recognized as revenue in the fiscal period in which the related expenses are incurred.

Endowment contributions and restricted investment revenue earned for re-endowment, if any, are recognized as direct increases in net assets in the fiscal period in which they are received or earned. Investment income earned for distribution is deferred and is recognized as revenue in the fiscal period in which the required expenses are incurred.

Unrestricted investment revenue is recognized in operations as it is earned with the passage of time or as fair value changes occur for those investments carried at fair value.

Other revenue, including conference revenue, is recognized in operations as the services are rendered and/or the event takes place, as appropriate.

Due to the uncertainty of the collectibility of pledges, the organization recognizes pledges as donation revenue in the year received.

Expense Allocations

Finance and administration overhead expenses are allocated to functions based on the proportion of staff directly employed in each of the functions. Finance and administration salaries and benefits are allocated based on the approximate time spent on the respective functions.

Fund development expenses include printing, distribution of information packages and the employment of consultants such as telemarketers and door to door canvassers, who are used to contact supporters to solicit funds, educate and increase public awareness. Fund development expenses plus the allocation of finance and administration overhead expenses based on the number of staff directly employed in each of the functions are allocated at a rate of 50% to conservation programs.

Foreign Currency

Transactions during the year in a foreign currency have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in a foreign currency have been converted to Canadian dollars at the exchange rates in effect at the year end. Gains or losses resulting therefrom are included in the determination of the excess (deficiency) of revenue over expenses for the year.

Contributed Materials and Services	Contributed materials and services, which are used in the normal course of the organization's operations and would otherwise have been purchased, are recorded at their fair value at the date of contribution when the fair value can be reasonably estimated. Otherwise, contributed materials and services are not recorded in the financial statements.

1. **Cash and Cash Equivalents**

The organization's cash is held in a Canadian chartered bank and the bank accounts are non-interest bearing.

The guaranteed investment certificate is held in a Canadian chartered bank earning 1% interest with a due date of June 17, 2015 but it is cashable.

The money market fund is held in a Canadian chartered bank earning a variable interest rate with an effective interest rate as at March 31, 2015 of 1.75% (2014 - 1.36%).

	2015	2014
Cash	**$ 3,126**	$ 16,022
Guaranteed investment certificate	**20,000**	-
Money market fund	**55,269**	140,785
Total cash and cash equivalents	**$ 78,395**	$ 156,807
Comprised of:		
Unrestricted cash and cash equivalents	**$ 22,224**	$ 15,120
Restricted cash and cash equivalents (internal, external and endowment)	**56,171**	141,687
Total cash and cash equivalents	**$ 78,395**	$ 156,807

The remaining balance of the restricted funds held are included as part of the restricted investments as set out in Note 3 to these financial statements.

2. **Accounts Receivable**

Accounts receivable consist of:

	2015	2014
Corporation, government and foundation funding	**$ 141,380**	$ 80,275
Government remittances - HST	**15,732**	7,439
	$ 157,112	$ 87,714

3. Investments

Investments are carried at fair value in the financial statements. Investments of $98,189 (2014 - $85,936) relate to the endowment net assets and are restricted. Also, investments of $365,142 (2014 - $422,030) are externally restricted or have been internally restricted. The remaining balance of the restricted funds is comprised of the restricted cash as set out in Note 1 to these financial statements.

	2015		2014	
	Fair Value	**Cost**	Fair Value	Cost
Fixed income	**$ 227,531**	**$ 223,929**	$ 258,933	$ 254,695
Canadian equities	**224,490**	**125,137**	356,604	201,066
International mutual funds	**53,210**	**30,593**	51,390	34,935
U.S. mutual funds	**71,740**	**33,557**	85,403	53,466
Canadian mutual funds	**80,493**	**58,625**	71,116	57,039
	657,464	**471,841**	823,446	601,201
Current portion	**512,805**	**329,562**	616,110	397,467
Long-term portion	**$ 144,659**	**$ 142,279**	$ 207,336	$ 203,734

Fixed income securities have stated interest rates from 2.42% to 4.38% (2014 - 2.42% to 4.71%) with maturities from June 30, 2015 to May 31, 2018 (2014 - December 22, 2014 to May 31, 2018).

4. Investments and Deferred Revenue - Life Insurance

The organization has been designated as the irrevocable beneficiary of life insurance policies which have cash surrender values. As at March 31, 2015, the amount of insurance in force for these policies for which the organization has been designated as the beneficiary totals $30,000 (2014 - $30,000).

The cash surrender values of these policies as at March 31, 2015 total $6,878 (2014 - $6,407).

The organization's accounting policy is to not recognize the cash surrender values and changes related thereto as revenue on the basis that at the present time there is no intention to access these funds prior to the receipt of the full insurance proceeds of the respective policies.

5. Tangible Capital Assets

	2015			2014		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 49,437**	**$ 29,219**	**$ 20,218**	$ 62,251	$ 38,477	$ 23,774
Office furniture and equipment	**77,669**	**73,796**	**3,873**	72,074	71,180	894
Leasehold improvements	**27,140**	**27,140**	**-**	27,140	26,009	1,131
Works of art	**5,040**	**-**	**5,040**	5,040	-	5,040
	$ 159,286	**$ 130,155**	**$ 29,131**	$ 166,505	$ 135,666	$ 30,839

Amortization expense of $12,816 (2014 - $22,697) is included in total finance and administration overhead expenses (see Note 11) which have been allocated to functional categories in the statement of operations.

Fully amortized computer equipment totaling $18,327 was written off during the 2015 fiscal year (2014 - $237,720) due to the obsolescence of these tangible capital assets.

Although leasehold improvements have been fully amortized over the initial lease term to which they related, the organization continues to occupy the premises by way of a lease renewal as set out in Note 14 to these financial statements. Therefore these fully amortized assets are still in use and have not been removed from the organization's records.

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	2015	2014
Trade and operating	**$ 173,656**	$ 133,618
Government remittances	**420**	158
	$ 174,076	$ 133,776

7. Credit Facilities

As at March 31, 2015 the organization had an outstanding balance of $195,000 (2014 - $90,000) on its line of credit facility. The facility is available at an interest rate of prime plus 1.5%, is secured by a general security agreement covering all of the personal properly of the organization, and amounts outstanding are due on demand. The maximum credit available is $250,000. In addition the organization has credit facilities in the form of corporate credit cards which total $25,500 (2014 - $33,000) of which $17,685 (2014 - $14,080) was utilized and is included in trade and operating accounts payable and accrued liabilities as set out in Note 6 to these financial statements.

8. Other Loan

The other loan consists of a $20,000 (2014 - $20,000) line of credit utilized from another not-for-profit organization to finance the expenses of a specific project in a prior year. The loan is interest-free and as at March 31, 2015 is due on demand. The loan was for an initial one year period ending March 31, 2013.

9. Deferred Revenue

Deferred revenue includes restricted donations and contributions received but unused. Deferred revenue is restricted for future use in the following program areas:

	2015	2014
Important Bird Areas	**$ 7,000**	$ 44,550
Other programs	**5,461**	22,500
	$ 12,461	$ 67,050

10. Net Assets

a. *Endowment*

In 2009, the organization received an endowment contribution of $100,000. In the 2015 fiscal year, contributions to the endowment fund were $3,000 (2014 - $5,300) resulting in a cumulative balance as at March 31, 2015 of $128,300 (2014 - $125,300). No contributions were received during the 2010 to 2013 fiscal years. Net investment income earned on the endowment contributions is restricted for the purposes of:

- Supporting bird conservation projects in Alberta;
- Providing an entrance scholarship to attend post secondary studies in natural sciences; and

10. **Net Assets** (continued)

a. *Endowment (continued)*

- Providing an award to a volunteer with the organization for bird conservation and stewardship efforts.

Net investment income earned and recognized in operations for the year to fund these noted activities totals $679 (2014 - $920).

b. *Externally restricted*

In prior years the organization was the recipient of a bequest of $302,410 that was restricted for the purpose of the acquisition of land for a nature reserve or wildlife sanctuary. Investment income, net of trust expenses and investment fees, is available to the organization for operational purposes. In certain prior years disbursements were made to a third party related to the purchase of a nature reserve. The remaining balance of $2,410 (2014 - $2,410) is being held for final distribution.

c. *Internally restricted*

A contingency fund has been designated by the organization's Board of Directors and is to be used in accordance with the Board's on-going direction. On an annual basis, 15% of the investment income realized on the unrestricted investments, which excludes the net change in the balance of the unrealized gain or loss on the unrestricted investments, is transferred from unrestricted net assets to internally restricted net assets. For the 2015 fiscal year $14,619 (2014 - $4,263) of investment income was transferred to the contingency fund from unrestricted net assets. In addition, $147,770 (2014 - $nil) has been transferred from the contingency fund to unrestricted net assets to eliminate the otherwise cumulative deficit as at the end of the fiscal year. Therefore net transfers of $133,151 from the contingency fund to unrestricted net assets were made for the 2015 fiscal year (2014 - net transfers of $4,263 from unrestricted net assets to the contingency fund).

d. *Invested in tangible capital assets*

Invested in tangible capital assets is an internally restricted amount that represents the organization's investment in tangible capital assets and equals the net book value of these assets.

e. *Unrestricted*

Unrestricted net assets, if any, are available for general operations and future projects.

11. **Allocated Expenses**

Total finance and administration overhead expenses consist of the following:

	2015	2014
Salaries and benefits	**$ 170,233**	$ 173,621
Administrative	**273,890**	306,616
Professional fees	**24,379**	43,718
Total finance and administration overhead expenses	**$ 468,502**	$ 523,955

Total finance and administration overhead expenses have been allocated as follows:

	2015	2014
Total finance and administration overhead expenses	**$ 468,502**	$ 523,955
Less: Allocation to BirdLife International Conference	**-**	(49,099)
Less: Allocation to conservation programs	**(203,349)**	(149,510)
Less: Allocation to conservation education and communications	**(77,136)**	(96,757)
Less: Allocation to fund development	**(43,389)**	(113,647)
Finance and administration expenses presented in the statement of operations	**$ 144,628**	$ 114,942

Total fund development expenses consist of the following:

	2015	2014
Salaries and benefits	**$ 193,864**	$ 214,283
Administrative	**134,336**	135,450
Professional fees	**2,280**	6,001
Communications	**171,135**	94,529
	$ 501,615	$ 450,263

11. **Allocated Expenses** (continued)

Total fund development expenses have been allocated as follows:

	2015	2014
Total fund development costs	**$ 501,615**	$ 450,263
Add: Allocation from finance and administration overhead expenses	**43,389**	113,647
Less: Allocation to conservation programs	**(272,502)**	(281,955)
Fund development expenses presented in the statement of operations	**$ 272,502**	$ 281,955

12. **Pension Plan**

In 2012 the organization introduced a defined contribution pension plan which covers all its employees. During the 2015 fiscal year the organization made employer contributions totaling $25,081 (2014 - $22,507).

13. **Related Parties**

The organization is related to the Nature Canada Foundation through a common Board of Directors. The organization provides the Nature Canada Foundation with administration services at no charge.

14. **Commitments**

The organization is committed under operating leases for office space, equipment and professional services. Future minimum annual rental payments for the next five fiscal years, thereafter and in aggregate are as follows:

2016	$ 65,015
2017	44,499
2018	45,559
2019	46,074
2020 and thereafter	7,117
	$ 208,264

14. **Commitments** (continued)

The agreement for office space also requires the organization to pay additional rent, being the organization's share of the building operating costs, which for the 2016 fiscal year is estimated to be approximately $58,000.

These payments exclude the non-refundable portion of HST which as at March 31, 2015 is 3.94%.

In connection with its operations, the organization regularly enters into agreements for the purchase of various supplies and services including the rental of facilities on a short-term basis. Certain of these agreements extend beyond the end of the 2015 fiscal year. In the opinion of management, these agreements are in the normal course of the organization's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

15. **Contingencies**

Certain corporation, government and foundation funding of the organization are subject to conditions regarding the expenditures of the funds. The organization's accounting records may be subject to audit by the funding agencies to identify instances, if any, in which the amounts charged to the projects were not in compliance with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Adjustments to the financial statements as a result of these audits would be recorded in the fiscal year in which they become known.

16. **Financial Instruments Risks and Concentrations**

The organization is exposed to various risks through its financial instruments. The following provides a measure of its risk exposure and concentrations as at March 31, 2015.

The organization is not involved in any hedging relationships and does not hold or use any derivative financial instruments for trading purposes.

Liquidity risk

Liquidity risk is the risk of being unable to generate sufficient cash and cash equivalents in a timely and cost effective manner to meet the organization's spending requirements and obligations related to its deferred revenue as well as meeting its financial liabilities in respect to its accounts payable and accrued liabilities as set out in Note 6 to these financial statements, and its commitments as set out in Note 14 to these financial statements. The organization manages its liquidity risk by monitoring its operating requirements. The organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. In addition the investments set out in Note 3 to these financial statements can be easily liquidated if necessary. Further the organization has credit facilities as set out in Note 7 to these financial statements.

16. **Financial Instruments Risks and Concentrations** (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its accounts receivable as set out in Note 2 to these financial statements. The organization assesses, on a continuous basis, its accounts receivable and provides for any amounts that are not expected to be collected in the allowance for doubtful accounts. At year-end, there were no accounts receivable amounts allowed for. Although not considered a significant credit risk, credit risk also exists in relation to the organization's cash and cash equivalents as set out in Note 1 to these financial statements, and its investments as set out in Notes 3 and 4 to these financial statements.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates as it does not have financial instruments denominated in foreign currencies. However, the organization does hold Canadian dollar based foreign investments as set out in Note 3 to these financial statements so there is an indirect foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The organization holds floating-rate financial instruments being its cash and cash equivalents and its utilized credit facilities, as set out in Notes 1 and 7 respectively, to these financial statements, which would subject the organization to a cash flow risk.

The fixed income investments held by the organization, as set out in Note 3 to these financial statements, bear interest at fixed rates so the organization is exposed to the risk resulting from interest rate fluctuations which is a fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The maximum loss due to price risk is represented by the fair value of equity and mutual fund investments as set out in Note 3 to these financial statements.

March 31, 2015

16. **Financial Instruments Risks and Concentrations** (continued)

Changes in risks

There have been no significant changes in the organization's risk exposures from its 2014 fiscal year.

17. **Corresponding Amounts and Information**

In certain instances, 2014 fiscal year corresponding amounts and financial disclosures have been reclassified to conform to the financial statement presentation and financial disclosures adopted for the 2015 fiscal year. The more significant reclassifications made are set out below.

A significant presentation change in the statement of operations was the inclusion of the net change in the balance of the unrealized gain or loss on investments in revenue as part of investment income and not in expenses as part of finance and administration expenses that are allocated on a functional basis as set out in Note 11 to these financial statements.

In addition, the fair value of investments donated to the organization, which is a revenue for the organization, have been reclassified for presentation purposes in the statement of cash flows to be a non-cash item generated from operating activities with an offsetting reduction in investing activities.