



# Financial Statements

For the year ended March 31, 2016



**Nature Canada**  
**Financial Statements**  
For the year ended March 31, 2016

**Contents**

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## Independent Auditor's Report

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### 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, 2016, 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)

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### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nature Canada as at March 31, 2016, 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 3, 2016  
Ottawa, Ontario

## Nature Canada Statement of Financial Position

**March 31** 2016 2015

### Assets

#### Current

Cash and cash equivalents (Note 1)	\$ 234,731	\$ 78,395
Accounts receivable (Note 2)	133,026	157,112
Prepaid expenses	23,688	28,068
Current portion of investments (Note 3)	420,927	512,805

**812,372** 776,380

**Long-term portion of investments** (Note 3) 61,710 144,659

**Investments - life insurance** (Note 4) 7,104 6,878

**Tangible capital assets** (Note 5) 21,825 29,131

**\$ 903,011** \$ 957,048

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 6)	\$ 94,619	\$ 174,076
Demand loan (Note 7)	-	195,000
Other loan payable (Note 8)	-	20,000
Deferred revenue (Note 9)	50,842	12,461

**145,461** 401,537

**Deferred revenue - life insurance** (Note 4) 7,104 6,878

**152,565** 408,415

#### Net assets

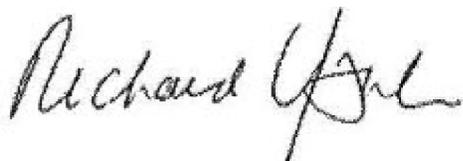
Endowment (Note 10 a.)	128,300	128,300
Externally restricted (Note 10 b.)	2,410	2,410
Internally restricted (Note 10 c.)	397,457	388,792
Invested in tangible capital assets (Note 10 d.)	21,825	29,131
Unrestricted (Note 10 e.)	200,454	-

**750,446** 548,633

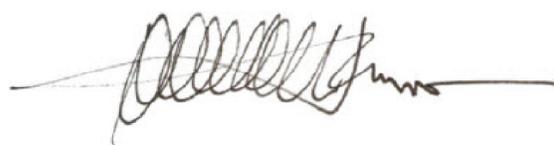
**\$ 903,011** \$ 957,048

On behalf of the Board:

Richard Yank



Ken Thorpe



Board Member & Chair

Board Member & Treasurer

## Nature Canada Statement of Changes in Net Assets

**For the year ended March 31, 2016**

	Endowment	Externally Restricted	Internally Restricted	Invested in Tangible Capital Assets	Unrestricted	Total
<b>Balance</b> , beginning of year	\$ 128,300	\$ 2,410	\$ 388,792	\$ 29,131	\$ -	\$ 548,633
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	-	(10,441)	212,254	201,813
<b>Additions to tangible capital assets</b>	-	-	-	4,285	(4,285)	-
<b>Proceeds on disposal of tangible capital assets</b>	-	-	-	(1,150)	1,150	-
<b>Transfers</b> (Note 10 c.)	-	-	8,665	-	(8,665)	-
<b>Balance</b> , end of year	\$ 128,300	\$ 2,410	\$ 397,457	\$ 21,825	\$ 200,454	\$ 750,446

**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	-
<b>Balance</b> , end of year	\$ 128,300	\$ 2,410	\$ 388,792	\$ 29,131	\$ -	\$ 548,633

## Nature Canada Statement of Operations

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Donations, bequests and memberships	\$ 1,082,966	\$ 993,431
Corporation, government and foundation funding	672,273	527,021
Other	16,482	13,101
Investment income (loss)	(9,950)	63,389
	<b>1,761,771</b>	<b>1,596,942</b>
<b>Expenses (Note 11)</b>		
Conservation programs	922,325	1,038,825
Conservation education and communications	321,236	393,207
Fund development	167,823	272,502
Finance and administration	148,574	144,628
	<b>1,559,958</b>	<b>1,849,162</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 201,813</b>	<b>\$ (252,220)</b>

## Nature Canada Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from (used in) operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 201,813	\$ (252,220)
Adjustments for		
Amortization of tangible capital assets (Note 5)	10,441	12,816
Net change in balance of unrealized loss on investments	72,607	36,621
Fair value of donated investments	(33,359)	(21,973)
Changes in non-cash working capital balances		
Accounts receivable	24,086	(69,398)
Prepaid expenses	4,380	(18,195)
Accounts payable and accrued liabilities	(79,457)	40,300
Deferred revenue	38,381	(54,589)
	<u>238,892</u>	<u>(326,638)</u>
<b>Cash flows from (used in) financing activities</b>		
Increase (repayment) in demand loan - net	(195,000)	105,000
Repayment of other loan payable	(20,000)	-
Contributions for endowment	-	3,000
	<u>(215,000)</u>	<u>108,000</u>
<b>Cash flows from (used in) investing activities</b>		
Decrease in investments - net	135,579	151,334
Additions to tangible capital assets	(4,285)	(11,108)
Proceeds on disposal of tangible capital assets	1,150	-
	<u>132,444</u>	<u>140,226</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>156,336</b>	<b>(78,412)</b>
<b>Cash and cash equivalents, beginning of year (Note 1)</b>	<b>78,395</b>	<b>156,807</b>
<b>Cash and cash equivalents, end of year (Note 1)</b>	<b>\$ 234,731</b>	<b>\$ 78,395</b>

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# Nature Canada

## Summary of Significant Accounting Policies

**March 31, 2016**

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### **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.

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 policies.

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## Nature Canada

# Summary of Significant Accounting Policies

**March 31, 2016**

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### **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 revenue 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.

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## Nature Canada

### Summary of Significant Accounting Policies

**March 31, 2016**

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**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 or are cashable on demand.

**Tangible 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**

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 c. and Note 10 b. to these financial statements respectively.

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

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## Nature Canada

### Summary of Significant Accounting Policies

**March 31, 2016**

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**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. (See Note 10 a.)

**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 income 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 income 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 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.

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**Nature Canada**  
**Summary of Significant Accounting Policies**

**March 31, 2016**

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**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 respective year end. Gains or losses resulting therefrom are included in the determination of the excess (deficiency) of revenue over expenses for the respective 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.

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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### 1. Cash and Cash Equivalents

Cash and cash equivalents are carried at cost in the financial statements.

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 0.7% (2015 - 1.0%) interest with a due date of June 20, 2016 (2015 - June 17, 2015) but it is cashable.

The money market funds are held through Canadian chartered banks and financial institutions earning a variable interest rate with an effective interest rate as at March 31, 2016 of less than 1% (2015 - 1.75%).

	2016	2015
Cash	\$ 108,204	\$ 3,126
Guaranteed investment certificate	20,000	20,000
Money market funds	106,527	55,269
Total cash and cash equivalents	\$ 234,731	\$ 78,395
Comprised of:		
Unrestricted cash and cash equivalents	\$ 127,302	\$ 22,224
Restricted cash and cash equivalents (internal, external and endowment)	107,429	56,171
Total cash and cash equivalents	\$ 234,731	\$ 78,395

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.

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### 2. Accounts Receivable

Accounts receivable consist of:

	2016	2015
Corporation, government and foundation funding	\$ 119,126	\$ 141,380
Government remittances - HST	13,900	15,732
	\$ 133,026	\$ 157,112

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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### 3. Investments

Investments are carried at fair value in the financial statements.

Investments of \$95,794 (2015 - \$98,189) relate to the endowment net assets and are restricted. Also, investments of \$324,944 (2015 - \$365,142) 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.

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Fixed income	\$ 158,855	\$ 157,867	\$ 227,531	\$ 223,929
Canadian equities	163,554	98,728	224,490	125,137
International mutual funds	44,315	32,985	53,210	30,593
U.S. mutual funds	46,867	25,930	71,740	33,557
Canadian mutual funds	69,046	54,112	80,493	58,625
	<b>482,637</b>	<b>369,622</b>	657,464	471,841
Current portion	<b>420,927</b>	<b>309,721</b>	512,805	329,562
Long-term portion	<b>\$ 61,710</b>	<b>\$ 59,901</b>	\$ 144,659	\$ 142,279

Fixed income securities have face values totaling \$155,000 (2015 - \$220,000), stated interest rates from 2.42% to 3.60% (2015 - 2.42% to 4.38%), and maturities from April 26, 2016 to December 1, 2019 (2015 - June 30, 2015 to May 31, 2018).

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### 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, 2016, the amount of insurance in force for these policies for which the organization has been designated as the beneficiary totals \$30,000 (2015 - \$30,000).

The cash surrender values of these policies as at March 31, 2016 total \$7,104 (2015 - \$6,878).

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.

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

### 5. Tangible Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 45,926	\$ 30,822	\$ 15,104	\$ 49,437	\$ 29,219	\$ 20,218
Office furniture and equipment	76,919	75,238	1,681	77,669	73,796	3,873
Leasehold improvements	27,140	27,140	-	27,140	27,140	-
Works of art	5,040	-	5,040	5,040	-	5,040
	<b>\$ 155,025</b>	<b>\$ 133,200</b>	<b>\$ 21,825</b>	<b>\$ 159,286</b>	<b>\$ 130,155</b>	<b>\$ 29,131</b>

Amortization expense of \$10,441 (2015 - \$12,816) is included in total finance and administration overhead expenses (see Note 11) which have been allocated to functional categories in the statement of operations.

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:

	2016	2015
Trade and operating	\$ 94,150	\$ 173,656
Government remittances	469	420
	<b>\$ 94,619</b>	<b>\$ 174,076</b>

### 7. Credit Facilities

As at March 31, 2016 the organization had an outstanding balance of \$nil (2015 - \$195,000) 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 property 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 \$30,500 (2015 - \$25,500) of which \$9,218 (2015 - \$17,685) was utilized and is included in trade and operating accounts payable and accrued liabilities as set out in Note 6 to these financial statements.

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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**8. Other Loan Payable**

The other loan payable as at March 31, 2015 consisted of a \$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 was interest-free and was due on demand. The loan was for an initial one year period ending March 31, 2013. As at March 31, 2016 the loan had been fully repaid.

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**9. Deferred Revenue**

Deferred revenue includes externally restricted donations and contributions received but unused based on related expenses incurred. Deferred revenue is restricted for future use in the following program areas:

	<u>2016</u>	<u>2015</u>
Promo Science	\$ 19,327	\$ -
Cats & Birds	31,515	-
Important Bird Areas	-	7,000
Other programs	-	5,461
	<u>\$ 50,842</u>	<u>\$ 12,461</u>

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**10. Net Assets**

a. Endowment

In 2009, the organization received an initial endowment contribution of \$100,000 and additional contributions have been received since that time. In the 2016 fiscal year, contributions to the endowment fund were \$nil (2015 - \$3,000) resulting in a cumulative balance as at March 31, 2016 of \$128,300 (2015 - \$128,300). 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
- 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 activities totals \$2,881 (2015 - \$679).

## Nature Canada Notes to Financial Statements

**March 31, 2016**

**10. Net Assets** (continued)

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 (2015 - \$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 unrestricted investment income realized on investments, which excludes the net change in the balance of the unrealized gain or loss on investments, is transferred from unrestricted net assets to internally restricted net assets. For the 2016 fiscal year \$8,665 (2015 - \$14,619) of unrestricted investment income was transferred to the contingency fund from unrestricted net assets. In addition, \$nil (2015 - \$147,770) 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 \$8,665 from unrestricted net assets to the contingency fund were made for the 2016 fiscal year (2015 - net transfers of \$133,151 from the contingency fund to unrestricted net assets).

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:

	2016	2015
Salaries and benefits	\$ 235,561	\$ 170,233
Administrative (includes amortization of tangible capital assets expense (see Note 5))	237,033	273,890
Professional fees	23,054	24,379
Total finance and administration overhead expenses	\$ 495,648	\$ 468,502

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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**11. Allocated Expenses** (continued)

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

	2016	2015
Total finance and administration overhead expenses	\$ 495,648	\$ 468,502
Less: Allocation to conservation programs	(195,937)	(203,349)
Less: Allocation to conservation education and communications	(93,382)	(77,136)
Less: Allocation to fund development below	(57,755)	(43,389)
Finance and administration expenses presented in the statement of operations	\$ 148,574	\$ 144,628

Total fund development expenses before the above allocation consist of the following:

	2016	2015
Salaries and benefits	\$ 129,920	\$ 193,864
Administrative	94,989	134,336
Professional fees	-	2,280
Communications	52,982	171,135
	\$ 277,891	\$ 501,615

Total fund development expenses have been allocated as follows:

	2016	2015
Fund development costs above	\$ 277,891	\$ 501,615
Add: Allocation from finance and administration overhead expenses above	57,755	43,389
Less: Allocation to conservation programs	(167,823)	(272,502)
Fund development expenses presented in the statement of operations	\$ 167,823	\$ 272,502

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**12. Pension Plan**

The organization maintains a defined contribution pension plan which covers all its employees. During the 2016 fiscal year the organization made employer contributions totaling \$19,202 (2015 - \$25,081).

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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### 13. Related Parties

The organization was related to the Nature Canada Foundation through a common Board of Directors. The organization provided the Nature Canada Foundation with administration services, as required, at no charge. Subsequent to March 31, 2016, effective July 28, 2016, the Nature Canada Foundation was dissolved.

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### 14. Commitments

The organization is committed under operating leases for office space, equipment and certain professional services. Future minimum annual rental payments for the next four fiscal years and in aggregate, which is the balance of the lease terms are as follows:

2017	\$ 48,718
2018	49,778
2019	50,293
2020 and thereafter	<u>7,820</u>
	<u>\$ 156,609</u>

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 2017 fiscal year is estimated to be approximately \$58,000.

These payments exclude the non-refundable portion of HST which as at March 31, 2016 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 2016 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.

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### 15. Contingencies

Certain corporation, government and foundation funding agreements 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.

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## Nature Canada Notes to Financial Statements

March 31, 2016

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### 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, 2016.

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 available credit facilities as set out in Note 7 to these financial statements.

#### 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. As at March 31, 2016, 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.

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## Nature Canada Notes to Financial Statements

**March 31, 2016**

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

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 equities and mutual funds investments as set out in Note 3 to these financial statements.

Changes in risks

There have been no significant changes in the organization's risk exposures from its 2015 fiscal year.

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**17. Corresponding Amounts and Information**

In certain instances, 2015 fiscal year corresponding amounts and financial disclosures presented have been reclassified to conform to the financial statement presentation and financial disclosures adopted for the 2016 fiscal year.

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