



Financial Statements

For the year ended March 31, 2018



Nature Canada
Financial Statements
For the year ended March 31, 2018

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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, 2018, 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, 2018, 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 2, 2018
Ottawa, Ontario

Nature Canada Statement of Financial Position

March 31 **2018** **2017**

Assets

Current

Cash and cash equivalents (Note 1)	\$ 986,410	\$ 560,187
Accounts receivable (Note 2)	136,078	217,751
Prepaid expenses	16,073	36,348
Current portion of investments (Note 3)	540,682	435,143

1,679,243 **1,249,429**

Long-term portion of investments (Note 3) **231,994** **61,507**

Investments - life insurance (Note 4) **7,419** **7,638**

Tangible capital assets (Note 5) **12,313** **20,867**

\$ 1,930,969 **\$ 1,339,441**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 6)	\$ 154,109	\$ 180,746
Deferred revenue (Note 8)	307,217	270,000

461,326 **450,746**

Deferred revenue - life insurance (Note 4) **7,419** **7,638**

468,745 **458,384**

Net assets

Endowment (Note 9 a.)	135,300	133,300
Internally restricted (Note 9 c.)	641,111	400,010
Invested in tangible capital assets (Note 9 d.)	12,313	20,867
Unrestricted (Note 9 e.)	673,500	326,880

1,462,224 **881,057**

\$ 1,930,969 **\$ 1,339,441**

On behalf of the Board:



Bob Peart, Board Member and Chair



Bill Ross, Board Member and Treasurer

Nature Canada Statement of Changes in Net Assets

For the year ended March 31, 2018

	Endowment	Externally Restricted	Internally Restricted	Invested in Tangible Capital Assets	Unrestricted	Total
Balance , beginning of year	\$ 133,300	\$ -	\$ 400,010	\$ 20,867	\$ 326,880	\$ 881,057
Excess (deficiency) of revenue over expenses for the year	-	-	-	(8,554)	587,721	579,167
Contributions for endowment	2,000	-	-	-	-	2,000
Transfers (Note 9 c.)	-	-	241,101	-	(241,101)	-
Balance , end of year	\$ 135,300	\$ -	\$ 641,111	\$ 12,313	\$ 673,500	\$ 1,462,224

For the year ended March 31, 2017

	Endowment	Externally Restricted	Internally Restricted	Invested in Tangible Capital Assets	Unrestricted	Total
Balance, beginning of year	\$ 128,300	\$ 2,410	\$ 397,457	\$ 21,825	\$ 200,454	\$ 750,446
Excess (deficiency) of revenue over expenses for the year	-	-	-	(10,043)	135,654	125,611
Additions to tangible capital assets	-	-	-	9,085	(9,085)	-
Contributions for endowment	5,000	-	-	-	-	5,000
Transfers (Notes 9.b. and 9 c.)	-	(2,410)	2,553	-	(143)	-
Balance, end of year	\$ 133,300	\$ -	\$ 400,010	\$ 20,867	\$ 326,880	\$ 881,057

Nature Canada Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Donations, bequests and memberships	\$ 1,774,817	\$ 1,214,149
Corporation, government and foundation funding	713,960	599,676
Other	16,472	54,842
Investment income	28,512	77,460
	2,533,761	1,946,127
Expenses (Note 10)		
Conservation programs	1,393,623	998,762
Conservation education and communications	259,970	409,638
Fund development	214,621	250,889
Finance and administration	86,380	161,227
	1,954,594	1,820,516
Excess of revenue over expenses for the year	\$ 579,167	\$ 125,611

Nature Canada Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from (used in) operating activities		
Excess of revenue over expenses for the year	\$ 579,167	\$ 125,611
Adjustments for		
Amortization of tangible capital assets (Note 5)	8,554	10,043
Net decrease (increase) in balance of unrealized gain on investments	41,913	(55,743)
Fair value of donated investments	(28,459)	(16,345)
	601,175	63,566
Changes in non-cash working capital balances		
Accounts receivable	81,673	(84,725)
Prepaid expenses	20,275	(12,660)
Accounts payable and accrued liabilities	(26,637)	86,127
Deferred revenue	37,217	219,158
	713,703	271,466
Cash flows from (used in) financing activities		
Contributions for endowment	2,000	5,000
	2,000	5,000
Cash flows from (used in) investing activities		
(Increase) decrease in investments - net	(289,480)	58,075
Additions to tangible capital assets	-	(9,085)
	(289,480)	48,990
Increase in cash and cash equivalents during the year	426,223	325,456
Cash and cash equivalents, beginning of year (Note 1)	560,187	234,731
Cash and cash equivalents, end of year (Note 1)	\$ 986,410	\$ 560,187

Nature Canada

Summary of Significant Accounting Policies

March 31, 2018

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 Articles of Continuance ("Articles") under the Canada Not-for-profit Corporations Act with its full legal name being Nature Canada Canada Nature.

Under its Articles, 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.

Nature Canada

Summary of Significant Accounting Policies

March 31, 2018

Jointly Controlled Operations

The organization is a party to an arrangement that consists of jointly controlled operations (see Note 8). The organization recognizes in its statement of financial position the assets it controls and the liabilities it incurs relating to the joint arrangement, and in its statement of operations its share of revenue and its share of the expenses of the joint arrangement.

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 an 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.

Nature Canada

Summary of Significant Accounting Policies

March 31, 2018

Financial Instruments
(continued)

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.

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.

Nature Canada

Summary of Significant Accounting Policies

March 31, 2018

Net Assets
(continued)

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 9 c. and Note 9 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 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 9 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 fundraising events and 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.

Nature Canada

Summary of Significant Accounting Policies

March 31, 2018

Expense Allocations
(continued)

Fund development expenses include printing, distribution of information packages and the employment of consultants such as telemarketers and 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. Fund development expenses may also include the hosting of events to raise funds, educate and raise public awareness. A portion of these event expenses are allocated to conservation education and communications at the rate of 50%.

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, and Assets**

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. Contributed (donated) assets including investments are recorded at their fair value at the date of contribution when the fair value can be reasonably estimated.

Nature Canada Notes to Financial Statements

March 31, 2018

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 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, 2018 of approximately 1% (2017 - approximately 1%).

	2018	2017
Cash	\$ 855,100	\$ 300,463
Money market funds	131,310	259,724
	\$ 986,410	\$ 560,187
Comprised of:		
Unrestricted cash and cash equivalents	\$ 855,600	\$ 300,963
Restricted cash and cash equivalents (internal, external and endowment)	130,810	259,224
	\$ 986,410	\$ 560,187

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:

	2018	2017
Corporation, government and foundation funding	\$ 91,141	\$ 174,900
Other - office space operating costs recoverable	9,911	11,721
Government remittances - HST	35,026	31,130
	\$ 136,078	\$ 217,751

Nature Canada Notes to Financial Statements

March 31, 2018

3. Investments

Investments are carried at fair value in the financial statements.

Investments of \$110,148 (2017 - \$86,502) relate to the endowment net assets and are restricted. Also, investments of \$535,453 (2017 - \$187,584) 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.

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Fixed income	\$ 272,952	\$ 274,365	\$ 61,507	\$ 59,901
Canadian equities	186,908	131,724	231,196	140,413
International mutual funds	73,950	52,171	57,228	38,926
U.S. mutual funds	72,587	44,714	63,807	33,002
Canadian mutual funds	166,279	142,857	82,912	55,650
	772,676	645,831	496,650	327,892
Current portion	540,682	411,171	435,143	267,991
Long-term portion	\$ 231,994	\$ 234,660	\$ 61,507	\$ 59,901

Fixed income securities have face values totaling \$275,000 (2017 - \$60,000), stated interest rates from 1.809% to 2.45% (2017 - 2.42% to 2.45%), and maturities from May 31, 2018 to March 2, 2022 (2017 - April 26, 2018 to December 1, 2019).

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, 2018, the amount of insurance in force for these policies for which the organization has been designated as the beneficiary totals \$30,000 (2017 - \$30,000).

The cash surrender values of these policies as at March 31, 2018 total \$7,419 (2017 - \$7,638).

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.

Nature Canada Notes to Financial Statements

March 31, 2018

5. Tangible Capital Assets

	2018			2017		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 34,220	\$ 28,593	\$ 5,627	\$ 41,015	\$ 28,731	\$ 12,284
Office furniture and equipment	80,807	79,161	1,646	80,807	77,264	3,543
Leasehold improvements	27,140	27,140	-	27,140	27,140	-
Works of art	5,040	-	5,040	5,040	-	5,040
	\$ 147,207	\$ 134,894	\$ 12,313	\$ 154,002	\$ 133,135	\$ 20,867

Amortization expense of \$8,554 (2017 - \$10,043) is included in total finance and administration overhead expenses (see Note 10) which have been allocated to functional categories in the statement of operations.

Fully amortized computer equipment totaling \$6,795 was written off during the 2018 fiscal year 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 11 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:

	2018	2017
Trade and operating (Note 7)	\$ 153,696	\$ 180,354
Government remittances	413	392
	\$ 154,109	\$ 180,746

7. Credit Facilities

As at March 31, 2018 the organization had an outstanding balance of \$nil (2017 - \$nil) 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 \$38,000 (2017 - \$25,500) of which \$12,594 (2017 - \$10,135) was utilized and is included in trade and operating accounts payable and accrued liabilities as set out in Note 6 to these financial statements.

Nature Canada Notes to Financial Statements

March 31, 2018

8. **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:

	2018	2017
Climate Change	\$ 50,000	\$ -
Communications program	25,000	-
Important Bird Areas (see below)	112,217	250,000
Promo Science	-	20,000
Protected areas	20,000	-
Stepping into the Digital Age	100,000	-
	\$ 307,217	\$ 270,000

Jointly Controlled Operations

During the 2017 fiscal year Nature Canada became a party to a grant agreement along with another organization for an Important Bird Areas program. The total funding under the agreement is \$400,000 and the program is for the period April 1, 2017 to March 31, 2020. Nature Canada's share of the funding relates to one element of the program which it will primarily deliver and totals \$250,000. These funds were received prior to March 31, 2017. Under the grant agreement Nature Canada has agreed to work with the other organization in a collaborative manner to jointly manage both elements of the program. As part of the grant agreement, Nature Canada and the other organization have an agreement in place that sets out the collaborative management of the program, as well as criteria and financial limits for each organization to recover from the other organization administration fees that relate the other organization's element of the program. The organizations have also agreed to collaborate in seeking additional funding for the program.

Other Funding

In addition, as part of its ongoing operations, Nature Canada has secured program funding and continues to pursue program funding for future years' operations some of which commenced on or before March 31, 2018 and is included in the previously set out deferred revenue balances and some of which will commence subsequent to March 31, 2018 for which funding has yet to be received.

9. **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 2018 fiscal year, contributions to the endowment fund were \$2,000 (2017 - \$5,000) resulting in a cumulative balance as at March 31, 2018 of \$135,300 (2017 - \$133,300). Net investment income earned on the endowment contributions is restricted for the purposes of:

Nature Canada Notes to Financial Statements

March 31, 2018

9. **Net Assets** (continued)

a. Endowment (continued)

- 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 \$3,729 (2017 - \$243).

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, was 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 was being held for final distribution. During the 2017 fiscal year the balance of \$2,410 was deemed to require no further action and was transferred to unrestricted net assets.

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 2018 fiscal year \$9,768 (2017 - \$2,553) of unrestricted investment income was transferred to the contingency fund from unrestricted net assets.

In addition, as directed by the Board of Directors, \$231,333 has been transferred to the contingency fund from unrestricted net assets to account for the portion of a legacy donation to be transferred. Therefore total transfers of \$241,101 from unrestricted net assets to the contingency fund were made for the 2018 fiscal year (2017 - \$2,553).

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. Transfers from and to unrestricted assets are described in the earlier parts of this note resulting in a net transfer from unrestricted net assets of \$93,101 (2017 - \$143).

Nature Canada Notes to Financial Statements

March 31, 2018

10. Allocated Expenses

Finance and Administration

Total finance and administration overhead expenses consist of the following:

	2018	2017
Salaries and benefits	\$ 131,080	\$ 215,750
Administrative (includes amortization of tangible capital assets expense (Note 5))	310,622	311,583
Professional fees	54,317	35,681
Total finance and administration overhead expenses	\$ 496,019	\$ 563,014

These total expenses have been allocated as follows:

Total finance and administration overhead expenses above	\$ 496,019	\$ 563,014
Less: Allocation to conservation programs below	(279,222)	(192,910)
Less: Allocation to conservation education and communications below	(19,199)	(159,124)
Less: Allocation to fund development below	(111,218)	(49,753)
Finance and administration expenses presented in the statement of operations	\$ 86,380	\$ 161,227

Fund Development

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

Salaries and benefits	\$ 160,075	\$ 117,539
Administrative	104,914	117,954
Professional fees	5,947	-
Communications, fundraising and other costs	47,087	137,266
	\$ 318,023	\$ 372,759

These total expenses have been allocated as follows:

Fund development costs above	\$ 318,023	\$ 372,759
Add: Allocation from finance and administration overhead expenses above	111,218	49,753
Less: Allocation to conservation programs below	(214,620)	(153,347)
Less: Allocation to conservation education and communications below	-	(18,276)
Fund development expenses presented in the statement of operations	\$ 214,621	\$ 250,889

Nature Canada Notes to Financial Statements

March 31, 2018

10. Allocated Expenses (continued)

Conservation Programs

Conservation programs expenses consist of the following:

	2018	2017
Salaries and benefits	\$ 454,767	\$ 332,387
Administrative	295,572	210,188
Professional fees	149,442	109,930
	899,781	652,505
Add: Allocation from finance and administration overhead expenses above	279,222	192,910
Add: Allocation from fund development expenses above	214,620	153,347
Conservation programs expenses presented in the statement of operations	\$ 1,393,623	\$ 998,762

Conservation Education and Communications

Conservation education and communications expenses consist of the following:

Salaries and benefits	\$ 131,348	\$ 97,973
Administrative	102,532	130,641
Professional fees	6,891	3,624
	240,771	232,238
Add: Allocation from finance and administration overhead expenses above	19,199	159,124
Add: Allocation from fund development above	-	18,276
Conservation education and communications expenses presented in the statement of operations	\$ 259,970	\$ 409,638

11. Commitments

The organization is committed under operating leases for office space, equipment and certain professional services. Future minimum annual rental payments on a fiscal year basis for the balance of the lease terms are as follows:

2019	\$ 50,293
2020	7,820
	\$ 58,113

Nature Canada Notes to Financial Statements

March 31, 2018

11. 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 as at March 31, 2018 is expected to approximate \$51,000 annually.

These payments exclude the non-refundable portion of HST which as at March 31, 2018 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 2018 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.

12. 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.

13. 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, 2018.

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 set out in Note 8 to these financial statements 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 11 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.

Nature Canada Notes to Financial Statements

March 31, 2018

13. 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. As at March 31, 2018, 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, if any, 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.

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Notes to Financial Statements

March 31, 2018

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

Changes in risks

There have been no significant changes in the organization's risk exposures from its 2017 fiscal year.
