

***NATURESERVE CANADA***

**AUDITED FINANCIAL STATEMENTS**

**AT MARCH 31, 2019**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
NatureServe Canada

### **Opinion**

I have audited the accompanying financial statements of NatureServe Canada, which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NatureServe Canada as at March 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of NatureServe Canada in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Other Matter**

The financial statements of NatureServe Canada for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on June 1, 2018.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing NatureServe Canada's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate NatureServe Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NatureServe Canada's financial reporting process.

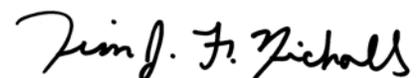
## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of NatureServe Canada's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NatureServe Canada's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause NatureServe Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that I identify during my audit.



Peterborough, Ontario  
June 6, 2019

Tim J.F. Nicholls CPA, CA  
Licensed Public Accountant

Tim J.F. Nicholls  
Chartered Accountant

**NATURESERVE CANADA****STATEMENT OF FINANCIAL POSITION**  
As at March 31, 2019

	2019 \$	2018 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	500,309	173,164
Accounts receivable - Note 3	377,814	191,354
Prepaid expense	672	672
	878,795	365,190
<b>Capital Assets - Note 4</b>	-	-
<b>Total Assets</b>	878,795	365,190
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities - Note 5	707,535	223,117
Deferred revenue - Note 6	55,400	40,859
	762,935	263,976
<b>Net Assets</b>	115,860	101,214
<b>Total Liabilities and Net Assets</b>	878,795	365,190

**ON BEHALF OF THE BOARD OF DIRECTORS**

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF CHANGES IN NET ASSETS**  
For The Year Ending March 31, 2019

	2019 \$	2018 \$
<b>NET ASSETS</b>		
<b>Balance, beginning of year</b>	101,214	92,950
Excess of revenue over expenditures	14,646	8,264
<b>Balance, end of year</b>	115,860	101,214

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF OPERATIONS**  
**For The Year Ending March 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Dues	16,500	15,000
Interest	3,558	1,383
Government funding	1,456,394	1,012,709
Charitable organization / foundation funding	172,959	97,141
Direct Public Support - Corporate and Individual	447	293
Other	-	1,403
<b>Total Revenue</b>	<b>1,649,858</b>	<b>1,127,929</b>
<b>Expenditures</b>		
Amortization	-	762
Bookkeeping and accounting	11,226	11,226
Consulting fees	1,602,953	1,052,877
Computer expenses	824	4,191
Dues and memberships	502	864
Insurance	1,215	1,881
Interest and bank charges	385	386
Office, telephone and general	3,126	2,415
Professional fees	5,613	5,223
Rent	1,000	2,797
Sponsorship	-	23,054
Travel, meals, accommodation, annual meeting, workshops and seminars	8,368	13,989
<b>Total Expenditures</b>	<b>1,635,212</b>	<b>1,119,665</b>
<b>Excess of Revenue Over Expenditures</b>	<b>14,646</b>	<b>8,264</b>

*The accompanying notes are an integral part of this financial statement.*

**NATURESERVE CANADA****STATEMENT OF CASH FLOWS**  
**For The Year Ending March 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenditures for the year	14,646	8,264
Charges (credits) to income not using (providing) cash:		
Amortization	-	762
Changes in non-cash working capital accounts		
Accounts receivable	(186,460)	(5,390)
Prepaid expense	-	3,089
Accounts payable	484,418	(73,248)
Deferred revenue	14,541	(1,266)
	327,145	(67,789)
<b>Increase (Decrease) In Cash</b>	<b>327,145</b>	<b>(67,789)</b>
<b>Cash, Beginning of Year</b>	<b>173,164</b>	<b>240,953</b>
<b>Cash, End of Year</b>	<b>500,309</b>	<b>173,164</b>

*The accompanying notes are an integral part of this financial statement.*

## **NATURESERVE CANADA**

### **NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2019**

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#### **NOTE 1: PURPOSE OF THE ORGANIZATION**

NatureServe Canada is a not-for-profit organization whose goal is to be the authoritative source for accessible, current and reliable information on the distribution and abundance of Canada's biodiversity by building dynamic, accurate and comprehensive national, international and ecoregional databases on the distribution, character and conservation status of species and communities at risk in Canada and North America. NatureServe Canada is incorporated under the Canada Corporations Act as a not-for-profit organization.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Presentation***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFPO").

NatureServe Canada uses the deferral method of accounting.

##### ***Realization of Revenues and Expenses***

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including investment income, are recorded as received.

##### ***Capital Assets***

Capital assets are recorded at cost. Amortization is provided for on a straight-line basis over the assets' estimated useful life. Computer equipment is amortized over three years.

##### ***Income Taxes***

The organization qualifies as a non-profit organization as defined by the Federal and Ontario Income Tax Acts and, as such, is not subject to Federal or Provincial income taxes.

##### ***Donated Materials and Services***

No amounts have been recorded in the current year financial statements for donated materials and services.

##### ***Use of Accounting Estimates***

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

## NATURESERVE CANADA

### NOTES TO THE FINANCIAL STATEMENTS For The Year Ending March 31, 2019

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Financial Instruments*

The organization's financial instruments are classified by management as either held for trading, held to maturity, available for sale, loans and receivables or other liabilities. Financial instruments classified as held for trading are stated at fair value and changes in fair value are recognized in the statement of operations as revenue or expenditure for the year. Financial instruments classified as available for sale are stated at fair value and changes in fair value are recognized in the statement of changes in fund balances as an increase or decrease in net assets for the year. Financial instruments classified as held to maturity, loans and receivables or other liabilities are stated at cost or amortized cost and any interest income or expense arising from these financial instruments is recorded using the effective interest method.

The organization's financial instruments consist of cash, accounts receivable and accounts payable. Management has classified its cash as available for sale. As the fair value of the cash approximates the cost, there is no effect on net assets for the year. Management has classified its accounts receivable as loans and receivables which have been stated at cost due to their short term maturity. Management has classified its accounts payable as other liabilities which have been stated at cost due to their short term maturities.

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

#### NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable is shown net of an allowance for doubtful accounts of \$nil (2018 - \$nil).

#### NOTE 4: CAPITAL ASSETS

	Cost	Accumulated	Net Book Value	
	\$	Amortization	2019	2018
	\$	\$	\$	\$
Computer equipment	2,287	2,287	-	-
	2,287	2,287	-	-

#### NOTE 5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities includes payroll and sales tax remittances of \$nil (2018 - \$nil).

#### NOTE 6: DEFERRED REVENUE

Deferred revenue relates to foundation funding received in the year where expenses will be incurred in the next fiscal period.

**NATURESERVE CANADA****NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ending March 31, 2019**

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**NOTE 7: ECONOMIC DEPENDENCE**

The organization receives a significant amount of funding from the federal government and as such is economically dependent on this source of revenue. Should this funding cease, the organization would be required to change its operating structure to be able to continue its operations in the current form.

**NOTE 8: PRIOR YEAR BALANCES**

The prior year financial statements were audited by another licensed public accountant.

**NOTE 9: FINANCIAL ASSETS AND FINANCIAL LIABILITIES****Liquidity Risk**

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements. The organization's management also ensures contracts for services are not finalized until sufficient funding has been arranged and committed to by the organization's funding organizations.