

TNC Canada

Financial Statements
June 30, 2018



November 30, 2018

Independent Auditor's Report

**To the Member of
TNC Canada**

We have audited the accompanying financial statements of TNC Canada, which comprise the statement of financial position as at June 30, 2018 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



Opinion

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

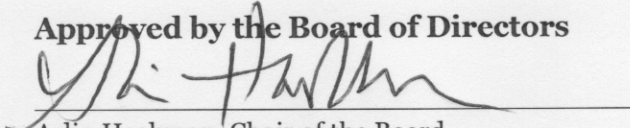
TNC Canada

Statement of Financial Position

As at June 30, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	656,720	572,916
Accounts receivable (notes 3 and 6)	26,293	-
Prepaid expenses	4,851	37,828
	<u>687,864</u>	<u>610,744</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	286,062	259,865
Grants payable (notes 4 and 6)	17,250	10,000
Deferred contributions (note 5)	179,876	-
	<u>483,188</u>	<u>269,865</u>
Deferred lease inducements	<u>4,505</u>	<u>6,922</u>
	487,693	276,787
Net Assets	<u>200,171</u>	<u>333,957</u>
	<u>687,864</u>	<u>610,744</u>
Commitments (note 7)		

Approved by the Board of Directors


Arlin Hackman, Chair of the Board

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

TNC Canada

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2018

	2018 \$	2017 \$
Revenue		
Donation from The Nature Conservancy (note 3)	2,675,000	3,125,000
Grants	904,741	314,101
Other donations	111,028	58,631
	<hr/> 3,690,769	<hr/> 3,497,732
Expense		
Personnel and fringe benefits	2,024,115	1,612,650
Grants	1,002,426	878,736
Contract and professional fees	482,073	600,383
Travel	159,753	148,830
Rent	84,573	66,020
Training and meetings	16,931	41,315
Supplies and equipment	13,093	10,250
Other	13,077	14,764
Telecommunications	12,812	9,893
Bank charges and interest	10,174	8,208
Repairs and maintenance	5,528	5,510
	<hr/> 3,824,555	<hr/> 3,396,559
Net revenue (expense) for the year	(133,786)	101,173
Net assets - Beginning of year	<hr/> 333,957	<hr/> 232,784
Net assets - End of year	<hr/> <hr/> 200,171	<hr/> <hr/> 333,957

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

TNC Canada

Statement of Cash Flows

For the year ended June 30, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(133,786)	101,173
Item not affecting cash - Amortization of deferred lease inducements	(2,417)	(2,418)
Net change in non-cash working capital items	220,007	77,499
	<hr/>	<hr/>
Net change in cash during the year	83,804	176,254
Cash - Beginning of year	572,916	396,662
	<hr/>	<hr/>
Cash - End of year	656,720	572,916
	<hr/>	<hr/>

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

TNC Canada

Notes to Financial Statements

June 30, 2018

1 Organization

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

Subsequent to year-end, TNC Canada changed its name to Nature United.

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

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

2 Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from these estimates.

Revenue recognition

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

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

Revenue from unrestricted donations and grants is recognized as revenue in the general fund when cash is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

3 Related party transactions

In addition to donations totalling \$2,675,000 (2017 - \$3,125,000), the Conservancy provided various support services (including corporate management, ethics and compliance, legal, finance and administration, human resources and information technology) at no charge. The Conservancy also incurred \$304,722 (2017 - \$240,258) of contractual, communications and other expenses, which were not charged back to TNC Canada. Included in accounts receivable is \$26,293 (2017 - \$nil) owing from the Conservancy. This amount is non-interest bearing and has no specific terms of repayment.

TNC Canada

Notes to Financial Statements

June 30, 2018

4 Grants payable

As at June 30, 2018, TNC Canada had approved grants of various terms up to March 2020. Amounts are payable based on the terms of the grant, which may include pre-term costs, amounts that are paid out without additional deliverables, or amounts that are paid out based on the submission of reports or supporting cost summaries (see also note 6).

5 Deferred contributions

	2018 \$	2017 \$
Balance - Beginning of year	-	-
Amounts received	1,044,617	-
Amounts recognized as revenue	(864,741)	-
	<hr/>	<hr/>
Balance - End of year	179,876	-

6 Financial instruments

As at June 30, 2018, accounts receivable of \$1,293 (2017 - \$nil) and grants payable of \$nil (2017 - \$nil) are the Canadian dollar translation amounts denominated in US dollars.

7 Commitments

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

	\$
2019	49,203
2020	43,205

TNC Canada enters into various grant agreements with third parties. These grants have various expiry dates through November 2021. Amounts not yet recorded as payable on these grants (note 4) as at June 30, 2018, as they are paid out based on the submission of reports or supporting cost summaries, are as follows:

	\$
2019	104,750
2020	659,805
2021	659,805
2022	461,864

\$1,781,474 of commitments under grant agreements are the Canadian dollar translation of amounts denominated in US dollars.