

Nature United

Financial Statements

June 30, 2019



Independent auditor's report

To the Members of Nature United

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nature United (the Organization) as at June 30, 2019 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2019;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but 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 the 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

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

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 3, 2019

Nature United
Statement of Financial Position
As at June 30, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	1,099,822	656,720
Accounts receivable (notes 3)	9,603	26,293
Prepaid expenses	19,609	4,851
	<hr/> 1,129,034	<hr/> 687,864
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	325,774	257,312
Grants payable (notes 4)	1,114	46,000
Deferred contributions (note 5)	279,538	179,876
	<hr/> 606,426	<hr/> 483,188
Deferred lease inducements	2,087	4,505
	<hr/> 608,513	<hr/> 487,693
Net Assets	<hr/> 520,521	<hr/> 200,171
	<hr/> 1,129,034	<hr/> 687,864
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.

Nature United

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2019

	2019 \$	2018 \$
Revenue		
Donation from The Nature Conservancy (note 3)	2,800,000	2,675,000
Grants	1,177,294	904,741
Other donations	102,169	111,028
	<hr/> 4,079,463	<hr/> 3,690,769
Expense		
Personnel and fringe benefits	2,470,767	2,024,115
Contract and professional fees	643,104	482,073
Grants	352,348	1,002,426
Travel	86,585	159,753
Training and meetings	80,136	16,931
Rent	71,399	84,573
Other	28,485	13,077
Telecommunications	9,065	12,812
Bank charges and interest	9,127	10,174
Repairs and maintenance	5,705	5,528
Supplies and equipment	2,392	13,093
	<hr/> 3,759,113	<hr/> 3,824,555
Net revenue (expense) for the year	320,350	(133,786)
Net assets – Beginning of year	<hr/> 200,171	<hr/> 333,957
Net assets – End of year	<hr/> <hr/> 520,521	<hr/> <hr/> 200,171

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

Nature United

Statement of Cash Flows

For the year ended June 30, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	320,350	(133,786)
Item not affecting cash		
Amortization of deferred lease inducements	(2,418)	(2,415)
Net change in non-cash working capital items (note 9)	125,170	220,005
	<hr/>	<hr/>
Net change in cash during the year	443,102	83,804
Cash – Beginning of year	656,720	572,916
	<hr/>	<hr/>
Cash – End of year	1,099,822	656,720
	<hr/>	<hr/>

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

Nature United

Notes to Financial Statements

June 30, 2019

1 Organization

Nature United, formerly TNC Canada, (the Organization) 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, the Organization is exempt from income taxes pursuant to subsection 149(1)(l) of the Income Tax Act (Canada).

The purpose of the Organization 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 the Organization.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Organization's significant accounting policies are as follows.

Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

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

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.

Financial instruments

- Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measure all its financial assets and liabilities at amortized cost. Financial assets measured at cost include cash, accounts receivable and grants receivable. Financial liabilities measure at amortized cost include accounts payable, accrued liabilities and grants payable.

- Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of writedown is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Nature United

Notes to Financial Statements

June 30, 2019

Use of estimates

The preparation of these 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 disclosures of contingent 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 as additional information becomes available. Assumptions are used in estimating the amounts of certain accrued liabilities.

3 Related party transactions

In addition to donations totalling \$2,800,000 (2018 – \$2,675,000), the Conservancy provided various support services to the Organization (including corporate management, ethics and compliance, legal, finance and administration, human resources and information technology) at no charge. The Conservancy also incurred \$375,722 (2018 – \$304,722) of contractual, communications and other expenses, which were not charged back to the Organization. Included in accounts receivable is \$9,603 (2018 – \$26,293) owing from the Conservancy. This amount is non-interest bearing and has no specific terms of repayment.

4 Grants payable

As at June 30, 2019, the Organization 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 7).

5 Deferred contributions

	2019 \$	2018 \$
Balance – Beginning of year	179,876	-
Amounts received	1,126,956	1,044,617
Amounts recognized as revenue	(1,027,294)	(864,741)
	<hr/>	<hr/>
Balance – End of year	279,538	179,876

6 Financial instruments

The Organization is subject to liquidity risk through its debts and obligations. To ensure the Organization is able to fund its obligations as they come due, it maintains accessible sources of liquidity, consisting of primarily cash balances. The Organization mitigates this risk by monitoring cash flows and maintaining a conservative level of debt suitable to its size in reference to the industry in which it operates.

Nature United

Notes to Financial Statements

June 30, 2019

It is management's opinion that the Organization is not subject to significant credit, currency, interest or other risk.

7 Commitments

The Organization leases office space from a third party. The minimum lease payments under the operating lease, which expires July 31, 2024, are as follows:

	\$
2020	100,929
2021	114,102
2022	114,436
2023	114,436
2024	123,972

The Organization 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, 2019, as they are paid out based on the submission of reports or supporting cost summaries, are as follows:

	US dollar \$	Canadian dollar \$
2020	500,000	65,369
2021	500,000	-
2022	350,000	-

8 Government remittances

Accounts payable and accrued liabilities include \$25,113 (2018 – \$25,121) owing to government agencies.

9 Net change in non-cash working capital

	2019 \$	2018 \$
Accounts receivable	16,690	(26,293)
Prepaid expenses	(14,759)	32,976
Accounts payable and accrued liabilities	39,713	26,196
Grants payable	(16,136)	7,250
Deferred contributions	99,662	179,876
	<hr/> 125,170	<hr/> 220,005

10 Comparatives figures

Certain comparative figures have been reclassified to conform to the current year's presentation.