

**Yellowstone to Yukon
Conservation Initiative Foundation**

Financial Statements

December 31, 2018

Yellowstone to Yukon Conservation Foundation
Financial Statements

December 31, 2018

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Independent Auditors' Report

To the Directors of Yellowstone to Yukon Conservation Foundation

Opinion

We have audited the financial statements of Yellowstone to Yukon Conservation Foundation, which comprise the statement of financial position as at December 31, 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management 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 the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

Edmonton, Canada
June 10, 2019

Crowe Mackenzie LLP
Chartered Professional Accountants

Yellowstone to Yukon Conservation Foundation

Statement of Operations

For the year ended December 31,	2018	2017
Revenues		
Grants	\$ 338,778	\$ 248,479
Individual donations	275,100	280,135
Restricted donations	85,550	156,252
Corporate donations	40,594	129,074
Interest income	8,609	1,812
Miscellaneous income	4,050	855
	752,681	816,607
Expenditures		
Contract service	737,055	774,500
Interest and bank charges	2,997	3,281
Professional fees	369	2,100
Research contracts	-	5,000
	740,421	784,881
Income before other income	12,260	31,726
Other income (expense)		
Dividend income	5,055	4,324
Unrealized gain on foreign exchange	-	6,148
Unrealized gain (loss) in market value	(21,152)	5,634
	(16,097)	16,106
Excess (deficiency) of revenues over expenditures	\$ (3,837)	\$ 47,832

Yellowstone to Yukon Conservation Foundation

Statement of Changes in Net Assets

For the year ended December 31,	2018	2017
Unrestricted net assets, beginning of year	\$ 430,993	\$ 383,161
Excess (deficiency) of revenues over expenditures	(3,837)	47,832
Unrestricted net assets, end of year	\$ 427,156	\$ 430,993

Yellowstone to Yukon Conservation Foundation

Statement of Financial Position

December 31,

2018

2017

Assets

Current

Cash

\$ 112,122 \$ 335,796

Short term investment (note 3)

950,000 200,000

Marketable securities (note 4)

157,707 164,470

Accounts receivable

20,277 1,216

\$ 1,240,106 \$ 701,482

Liabilities

Current

Accounts payable and accrued liabilities (note 6)

\$ 583,500 \$ 3,500

Deferred contributions (note 5)

229,450 266,989

812,950 270,489

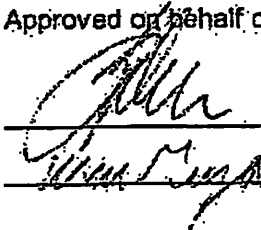
Net Assets

Unrestricted net assets

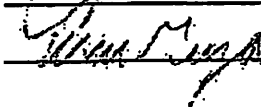
427,156 430,993

\$ 1,240,106 \$ 701,482

Approved on behalf of the Board:



Director



Director

Yellowstone to Yukon Conservation Foundation

Statement of Cash Flows

For the year ended December 31,	2018	2017
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (3,837)	\$ 47,832
Items not affecting cash		
Unrealized (gain) loss on marketable securities	21,152	(5,634)
Donation of marketable securities	(9,334)	(6,148)
	7,981	36,050
Change in non-cash working capital items		
Short term investment	(750,000)	(200,000)
Accounts receivable	(19,061)	11,289
Accounts payable and accrued liabilities	580,000	-
Deferred contributions	(37,539)	(180,911)
	(218,619)	(333,572)
Investing activity		
Reinvested dividends	(5,055)	(4,324)
Decrease in cash	(223,674)	(337,896)
Cash, beginning of year	335,796	673,692
Cash, end of year	\$ 112,122	\$ 335,796

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2018

1. Nature of operations

Yellowstone to Yukon Conservation Foundation (the Foundation) was incorporated under the Societies Act of Alberta on July 11, 2002 and began operations in December 2005. The Foundation was designated a Charitable Organization by Canada Revenue Agency on October 31, 2005 and qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act of Canada.

The Foundation along with Yellowstone to Yukon Conservation Initiative Society (Y2Y-Alberta) and Yellowstone to Yukon Conservation Initiative (Y2Y-Montana) forms the Yellowstone to Yukon (Y2Y) group. The Y2Y group works together to fund and facilitate the activities and programs that will connect and protect habitat from Yellowstone to Yukon so people and nature can thrive.

The Foundation is a registered charity and therefore operates as the primary Canadian fundraising entity. The Foundation has entered into an agency agreement with Y2Y-Alberta to provide the funding necessary for Y2Y-Alberta to carry out the charitable activities of the Foundation.

2. Significant accounting policies

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

(a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions and other revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes dividends and interest income recorded on the accrual basis, realized investment gains and losses as well as unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, money market funds and other highly liquid interest-bearing instruments.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

(c) Foreign exchange

The Foundation uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the rate in effect on the transaction date. Balances for the current year appearing in the income statement, except for the cost of inventories and depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the income statement.

(d) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Foundation subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, short term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation subsequently measures marketable securities at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Short term investment

Included in the short-term investment balance is a \$500,000 (2017 - \$200,000) guaranteed investment certificate earning interest at a rate of 1.665% (2017 - \$1.15%), maturing September 5, 2019 (2017 - June 22, 2018), and a \$450,000 (2017 - \$nil) guaranteed investment certificate earning interest at a rate of 1.673%, maturing August 20, 2019.

4. Marketable securities

Marketable securities consists of investments with RBC Direct Investing and are recorded at market value. Transaction fees for financial instruments subsequently measured at fair value are expensed in the period they are incurred. The purchase and sale of investments are accounted for using trade-date accounting.

	2018	2017
Canadian account		
Cash	\$ 12,439	\$ 9,924
Equities - Cost \$56,971 (2017 - \$47,609)	69,204	69,302
US account		
Cash	13,413	10,325
Equities - Cost \$45,777 (2017 - \$45,777)	62,651	74,919
	\$ 157,707	\$ 164,470

The US marketable securities were purchased when the Canadian Dollar and US Dollar was on par.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2018

5. Deferred contributions

Deferred contributions represent contributions received in the current year that are related to the expenditures for the subsequent year. Changes in the deferred contributions are as follows:

	2018	2017
Beginning balance	\$ 266,989	\$ 447,900
Less: amount recognized as revenue in the year	(119,488)	(267,900)
Add: amount received related to the following year	81,949	86,989
	\$ 229,450	\$ 266,989

6. Related party transactions

The Foundation is related to Yellowstone to Yukon Conservation Initiative Society (Y2Y-Alberta) through common management and two common members on their respective Boards of Directors.

The Foundation has entered into an agency agreement with Y2Y-Alberta to provide the funding necessary for Y2Y-Alberta to carry out the charitable activities of the Foundation.

	2018	2017
Expenses		
Contract services from Y2Y-Alberta	\$ 737,055	\$ 774,500
Accounts payable and accrued liabilities		
Due to Y2Y-Alberta	\$ 580,000	\$ -

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. Financial instruments

Transacting in and holding of financial instruments exposes the Foundation to certain financial risks and uncertainties. These risks remain unchanged from prior year and include:

(a) 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 Foundation's exposure to credit risk relates to donors and arises from the possibility that a donor or debtor does not fulfil its obligations. Management believes this risk is minimal as the Foundation has a significant number of donors which minimizes the concentration of credit risk. The Foundation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2018

7. Financial instruments (continued)

(b) 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: interest rate risk, currency risk and other price risk. The Foundation is exposed to market risk as follows:

(i) 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. Aside from related party balances, the Foundation's interest-bearing financial instruments include fixed rate guaranteed investment certificate. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The Foundation does not employ derivative financial instruments to hedge its exposure to interest rate risk.

(ii) 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. At date of the Statement of Financial Position, the Foundation has foreign currency marketable securities and cash of \$76,064 (2017 - \$85,244) denominated in US Dollars and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

(iii) 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 interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting all similar financial instruments or issuers. The Foundation's investments in guaranteed investment certificates and marketable securities exposes the Foundation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Foundation does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk by closely monitoring market rates of return and interest.