

**Yellowstone to Yukon Conservation  
Initiative Foundation**

**Financial Statements**

**December 31, 2013**

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# **Yellowstone to Yukon Conservation Initiative Foundation**

## **Financial Statements**

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**December 31, 2013**

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## **Independent Auditors' Report**

### **To the Directors of Yellowstone to Yukon Conservation Initiative Foundation**

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Initiative Foundation, which comprise the statement of financial position as at December 31, 2013, 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.

#### *Auditors' 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 auditors' 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 auditors consider internal control relevant to the foundation'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 foundation'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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Yellowstone to Yukon Conservation Initiative Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly verification of these revenues was limited to the amounts recorded in the records of Yellowstone to Yukon Conservation Initiative Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2013 and 2012, current assets and net assets as at December 31, 2013 and 2012.

#### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Yellowstone to Yukon Conservation Initiative Foundation as at December 31, 2013 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.

**Edmonton, Canada**  
**April 14, 2014**

*Crowe MacKay LLP*  
**Chartered Accountants**

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## Yellowstone to Yukon Conservation Initiative Foundation

### Statement of Operations

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For the year ended December 31,	2013	2012
<b>Revenues</b>		
Grants	\$ 106,452	\$ 129,337
Individual donations	212,476	190,473
Corporate donations	38,500	32,500
	<b>357,428</b>	<b>352,310</b>
<b>Expenditures</b>		
Contract service	397,178	384,613
Interest and bank charges	1,597	1,469
Professional fees	3,413	3,150
Research contracts	5,000	5,000
	<b>407,188</b>	<b>394,232</b>
<b>Income (loss) before other income (expenses)</b>	<b>(49,760)</b>	<b>(41,922)</b>
<b>Other income</b>		
Dividend income	3,562	2,933
Unrealized gain (loss) in market value	19,441	15,020
Unrealized gain on foreign exchange	3,580	-
Interest	-	260
	<b>26,583</b>	<b>18,213</b>
<b>Deficiency of revenues over expenditures</b>	<b>\$ (23,177)</b>	<b>\$ (23,709)</b>

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## Yellowstone to Yukon Conservation Initiative Foundation

### Statement of Changes in Net Assets

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For the year ended December 31,	2013	2012
Unrestricted net assets, beginning of year	\$ 257,857	\$ 281,566
Deficiency of revenues over expenditures	(23,177)	(23,709)
Unrestricted net assets, end of year	\$ 234,680	\$ 257,857

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# Yellowstone to Yukon Conservation Initiative Foundation

## Statement of Financial Position

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December 31,	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 159,397	\$ 164,731
Marketable securities (note 3)	105,909	84,325
Accounts receivable	23,500	25,800
	<hr/>	<hr/>
	\$ 288,806	\$ 274,856
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 11,051	\$ 16,999
Deferred contributions (note 4)	43,075	-
	<hr/>	<hr/>
	54,126	16,999
<b>Net Assets</b>		
<b>Unrestricted net assets</b>	<hr/>	<hr/>
	234,680	257,857
	<hr/>	<hr/>
	\$ 288,806	\$ 274,856

Approved on behalf of the Board:

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Director

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Director

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## Yellowstone to Yukon Conservation Initiative Foundation

### Statement of Cash Flows

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For the year ended December 31,	2013	2012
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Deficiency of revenues over expenditures	\$ (23,177)	\$ (23,709)
Item not affecting cash		
Unrealized (gain) loss on marketable securities	(19,441)	(15,020)
	(42,618)	(38,729)
Change in non-cash working capital items		
Accounts receivable	2,300	68,600
Accounts payable and accrued liabilities	(5,949)	13,499
Deferred contributions	43,075	(14,750)
	(3,192)	28,620
<b>Investing activities</b>		
Proceeds from sale of marketable securities	5,000	-
Reinvested dividends	(3,562)	(2,730)
Foreign exchange realized on US investments	(3,580)	-
	(2,142)	(2,730)
<b>Increase (decrease) in cash</b>	<b>(5,334)</b>	<b>25,890</b>
<b>Cash, beginning of year</b>	<b>164,731</b>	<b>138,841</b>
<b>Cash, end of year</b>	<b>\$ 159,397</b>	<b>\$ 164,731</b>
<b>Cash consists of:</b>		
Cash	\$ 128,573	\$ 133,907
Guaranteed Investment Certificate	30,824	30,824
	\$ 159,397	\$ 164,731

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# Yellowstone to Yukon Conservation Initiative Foundation

## Notes to the Financial Statements

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December 31, 2013

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### 1. Nature of operations

Yellowstone to Yukon Conservation Initiative 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.

The objective of the Foundation is to fund, facilitate, and operate activities and programs in order to educate the general public on the intangible benefits of sustaining, managing, and protecting the Yellowstone to Yukon ecosystem.

### 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. 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. Endowment contributions are recognized as direct increases in net assets.

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) Foreign exchange

Monetary assets and liabilities of the Foundation which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

#### (c) 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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.



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# Yellowstone to Yukon Conservation Initiative Foundation

## Notes to the Financial Statements

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December 31, 2013

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### 2. Significant accounting policies (continued)

#### (d) Financial instruments

##### Measurement of 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: cash, accounts receivable, and accounts payable and accrued liabilities.

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

##### Impairment

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.

#### (e) Cash equivalents

Cash and cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments. Currently, the Guaranteed Investment Certificate has an interest rate of 0.80%, maturing February 2, 2014.

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## Yellowstone to Yukon Conservation Initiative Foundation

### Notes to the Financial Statements

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December 31, 2013

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#### 3. Marketable securities

Marketable securities consists of investments with RBC Direct Investing and are recorded at market value as these investments have been classified as held for trading. 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. The balance of the US account is denominated in Canadian Dollars translated using the exchange rate as at December 31, 2013.

	2013	2012
<b>Canadian account</b>		
Cash	\$ 1,640	\$ 1,863
Equities - Cost \$47,609 (2012 - \$47,609)	49,777	39,399
<b>US account</b>		
Cash	1,699	3,022
Equities - Cost \$45,777 (2012 - \$45,777)	52,793	40,041
	<b>\$ 105,909</b>	<b>\$ 84,325</b>

#### 4. Deferred contributions

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

	2013	2012
Beginning balance	\$ -	\$ 14,750
Less amount recognized as revenue in the year	-	(14,750)
Add amount received related to the following year	43,075	-
	<b>\$ 43,075</b>	<b>\$ -</b>

#### 5. Related party transactions

Yellowstone to Yukon Conservation Initiative Society is related through common management.

	2013	2012
Expenses - Contract services from Yellowstone to Yukon Conservation Initiative Society	\$ 397,178	\$ 384,613
Included in Accounts Payable - Yellowstone to Yukon Conservation Initiative Society	\$ 4,050	\$ 10,000

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# Yellowstone to Yukon Conservation Initiative Foundation

## Notes to the Financial Statements

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### 5. Related party transactions (continued)

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.

### 6. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The financial instruments of the Foundation and the nature of the risks to which it may be subject are as follows:

#### (a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors. However, the Foundation has a significant number of donors which minimizes concentration of credit risk. The maximum credit exposure of the Foundation is represented by the fair value of accounts receivable as presented in the Statement of Financial Position.

#### (b) Fair value

The Foundation's carrying value of cash, accounts receivable, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term maturity of these instruments.

The fair value of the marketable securities correspond to their quoted market values.

#### (c) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments or future cash flows associated with those instruments will fluctuate due to changes in market interest rates.

The Foundation is exposed to interest rate risk on its Guaranteed Investments Certificates.

#### (d) Currency risk

Currency risk is the risk to the Foundation's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation does not use derivative instruments to reduce its exposure to foreign currency risk.

The functional currency of the Foundation is the Canadian dollar. The Foundation infrequently transacts in U.S. dollars due to certain revenues and operating costs being denominated in U.S. dollars. As at December 31, 2013, the Foundation had \$54,492 (2012 - \$43,063) of investments exposed to currency risk.

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# Yellowstone to Yukon Conservation Initiative Foundation

## Notes to the Financial Statements

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### 6. Financial instruments (continued)

#### (e) Market risk

The Foundation is subject to market risk with its investments. The values of these financial instruments will fluctuate as a result of changes in market prices or factors affecting the net asset values of the underlying investments (other than those arising from currency risk or interest rate risk).