

**Yellowstone to Yukon
Conservation Initiative Foundation**

Financial Statements

December 31, 2020

Yellowstone to Yukon Conservation Initiative Foundation

Financial Statements

December 31, 2020

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Independent Auditors' Report

To the Directors of Yellowstone to Yukon Conservation Initiative Foundation

Opinion

We have audited the financial statements of Yellowstone to Yukon Conservation Initiative Foundation, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances 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, 2020, 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 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 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 28, 2021



Chartered Professional Accountants

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Operations

| For the year ended December 31, | 2020 | 2019 |
|---|------------------|------------------|
| Revenues | | |
| Individual donations | \$ 422,806 | \$ 232,559 |
| Grants | 264,735 | 216,894 |
| Restricted donations | 81,699 | 109,189 |
| Corporate donations | 3,769 | 61,803 |
| Interest income | 4,167 | 7,182 |
| Miscellaneous income | 3,183 | 200 |
| | 780,359 | 627,827 |
| Expenditures | | |
| Contract service | 618,788 | 604,909 |
| Contributions to Edmonton Community Foundation (note 6) | 40,000 | 20,000 |
| Interest and bank charges | 5,523 | 3,244 |
| Professional fees | 4,400 | 3,885 |
| Scholarships (note 5) | 10,000 | - |
| | 678,711 | 632,038 |
| Income (loss) before other income | 101,648 | (4,211) |
| Other income (expense) | | |
| Dividend income | 4,586 | 5,595 |
| Unrealized gain (loss) in market value of investments | (23,416) | 11,724 |
| | (18,830) | 17,319 |
| Excess of revenues over expenditures | \$ 82,818 | \$ 13,108 |

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Changes in Fund Balances

| | Balance, beginning of | Excess (deficiency) of revenues over expenditures | 2020 Balance, end of year |
|-------------------------|--------------------------|---|---------------------------------|
| Unrestricted Fund | \$ 301,113 | \$ 102,370 | \$ 403,483 |
| Endowment Fund (note 5) | 139,151 | (19,552) | 119,599 |
| | \$ 440,264 | \$ 82,818 | \$ 523,082 |

| | Balance, beginning of | Excess (deficiency) of revenues over expenditures | 2019 Balance, end of year |
|-------------------|--------------------------|--|---------------------------------|
| Unrestricted Fund | \$ 305,419 | \$ (4,306) | \$ 301,113 |
| Endowment Fund | 121,737 | 17,414 | 139,151 |
| | \$ 427,156 | \$ 13,108 | \$ 440,264 |

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Financial Position

December 31, 2020 2019

Assets

Current

| | | |
|--------------------------------|------------|------------|
| Cash (note 5) | \$ 617,578 | \$ 752,802 |
| Short term investment (note 4) | 500,000 | - |
| Accounts receivable (note 8) | 69,814 | 103,825 |

1,187,392 856,627

Long-term investments (note 5) 111,465 120,633

\$ 1,298,857 **\$ 977,260**

Liabilities

Current

| | | |
|---|------------|----------|
| Accounts payable and accrued liabilities (note 8) | \$ 191,585 | \$ 7,385 |
| Deferred contributions (note 7) | 584,190 | 529,611 |

775,775 536,996

Net Assets

Unrestricted Fund 403,483 301,113

Endowment Fund (note 5) 119,599 139,151

523,082 440,264

\$ 1,298,857 **\$ 977,260**

Approved on behalf of the Board:

Jodi Hilty

Digitally signed by Jodi Hilty
DN: cn=Jodi Hilty, ou=Yellowstone to Yukon
Conservation Initiative, ou=President and Chief
Executive Officer, email=jhilty@yycf.net, c=CA
Date: 2021.06.16 13:24:13 -0600

Director



Director

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Cash Flows

| For the year ended December 31, | 2020 | 2019 |
|---|-------------------|------------|
| Cash provided by (used for) | | |
| Operating activities | | |
| Excess of revenues over expenditures | \$ 82,818 | \$ 13,108 |
| Items not affecting cash | | |
| Unrealized (gain) loss on marketable securities | 23,416 | (11,724) |
| Donation of marketable securities | (19,382) | (19,064) |
| | 86,852 | (17,680) |
| Change in non-cash working capital items | | |
| Short term investment | (500,000) | 950,000 |
| Accounts receivable (note 8) | 34,011 | (83,548) |
| Accounts payable and accrued liabilities (note 8) | 184,199 | (576,115) |
| Deferred contributions | 54,579 | 300,161 |
| | (140,359) | 572,818 |
| Investing activities | | |
| Reinvested dividends | (4,586) | (5,595) |
| Proceeds of dispositions | 9,721 | 47,605 |
| | 5,135 | 42,010 |
| Increase (decrease) in cash | (135,224) | 614,828 |
| Cash, beginning of year | 752,802 | 137,974 |
| Cash, end of year | \$ 617,578 | \$ 752,802 |
| Cash consists of: | | |
| Cash | \$ 609,443 | \$ 734,284 |
| Restricted cash (note 5) | 8,135 | 18,518 |
| | \$ 617,578 | \$ 752,802 |

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Yellowstone to Yukon Conservation Initiative 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. COVID - Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the organization's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the organization and its operations in future periods.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies

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

(a) Basis of accounting

The Foundation follows the deferral method of accounting for contributions. Under the deferral method, restricted contributions for which the related restrictions remain unfulfilled are accumulated as deferred contributions. As a result, the Foundation's excess of revenue over expenditures for the period represents the increase in resources that are not restricted to cover specific expenses of a future period.

The Foundation maintains the following funds:

Unrestricted Funding is for all funding without restrictions and used for general operations of the Foundation.

Endowment Funding is for the Sarah Baker Fund which was donated to maintain an endowment fund in perpetuity. The fund has been externally restricted for the purpose of scholarships for students who are seeking to advance their studies in Canadian colleges and universities that recognize Y2Y's objectives.

(b) 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, as well as realized investment gains and losses and 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.

(c) Cash and cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

(d) Foreign currency

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 statement of financial position 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 are translated at average year rates. Exchange gains and losses are included in the income statement.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies (continued)

(e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions, including assumptions about the future effects of the COVID-19 pandemic, 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. COVID-19 is considered a potential indication of impairment and has impacted the assumptions underlying the forecasted cash flows used in performing the Foundation's impairment analysis of its long-lived assets. Actual impairment and other results could differ from these and other estimates.

(f) 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, accounts receivable and short-term investments.

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

The Foundation subsequently measures long-term investments 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 Initiative Foundation

Notes to the Financial Statements

December 31, 2020

4. Short term investment

In 2020 the short-term investment balance consisted of a \$500,000 guaranteed investment certificate earning interest at a rate of 1.25%, that matures April 30, 2021

5. Long-term investment

Long-term investments consists of marketable securities with RBC Direct Investing and are recorded at fair 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.

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Canadian account | | |
| Equities - Cost \$nil (2019 - \$47,869) | \$ - | \$ 69,694 |
| US account | | |
| Equities - Cost \$74,934 (2019 - \$22,324) | 111,464 | 50,939 |
| | \$ 111,464 | \$ 120,633 |

Balances included in the US account have been translated to Canadian Dollars using the rate as at the statement of financial position date.

The Endowment Fund of \$119,599 (2019 - \$139,151), includes the equity investments as noted above and cash of \$8,135 (2019 - \$18,518). These funds have been externally restricted for the purpose of scholarships for students who are seeking to advance their studies in Canadian colleges and universities that recognize Y2YIF's objectives. All income earned on these investments are also restricted for the purposes outlined in the endowment fund agreement.

Of the balance, \$100,000 relates to the initial contribution received from the donor. The remaining amount has been internally restricted by the Foundation.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

6. Endowment funds administered by the Edmonton Community Foundation

Yellowstone to Yukon Conservation Initiative Foundation has entered into a series of agreements with the Edmonton Community Foundation (ECF) by which the ECF has agreed to invest and administer two permanent endowment funds including any additional contributions received by the Foundation or the ECF. The two funds are the Yellowstone to Yukon Conservation Initiative Fund (Y2YCIF) and the EMPEO Fund for Yellowstone to Yukon Conservation Initiative (EF-Y2YCI).

During the year contributions made by the Foundation, to the Y2YCIF amounted to \$40,000 (2019 - \$20,000). As of December 31, 2020, the total contributions made by the Foundation, amounted to \$60,000 (2019 - \$20,000) and the contributions made by the ECF, to the EF-Y2YCI, amounted to \$75,800 (2019 - \$36,279).

Under the terms of the agreements, the endowment funds are recorded in the accounts of the ECF along with any income earned on the funds. Accordingly, the endowment assets and income are not recognized in the financial statements of the Yellowstone to Yukon Conservation Initiative Foundation. The Foundation is provided with an annual grant from the ECF based on the prior year end's net income and market value of each fund. These grants will be recognized as revenue in the statement of operations when collection is reasonably assured.

7. 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:

| | 2020 | 2019 |
|--|------------|------------|
| Beginning balance | \$ 529,611 | \$ 229,450 |
| Less: amount recognized as revenue in the year | (379,611) | (186,849) |
| Add: amount received related to the following year | 434,190 | 487,010 |
| Closing balance | \$ 584,190 | \$ 529,611 |

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

8. 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.

| | 2020 | 2019 |
|---|------------|------------|
| Expenses - Contract services from Y2Y-Alberta | \$ 618,788 | \$ 604,909 |
| Accounts receivable - Due from Y2Y-Alberta | \$ 64,573 | \$ 100,000 |
| Accounts payable - Due to Y2Y-Alberta | \$ 188,085 | \$ 3,885 |

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.

9. Financial instruments

Transacting in and holding of financial instruments exposes the Foundation to certain financial risks and uncertainties. These risks, which have increased from the prior year due to the effects of COVID-19, 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.

The COVID-19 pandemic has resulted in an increase in credit risk for the Foundation. If a key funder experiences financial difficulty or fails to comply with their contractual obligations, which may occur as the COVID-19 pandemic continues, this could result in significant financial loss to the Foundation.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

9. Financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Foundation's exposure to liquidity risk relates to accounts payable and accrued liabilities and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized by ensuring that it documents when authorized payments become due.

The COVID-19 pandemic has resulted in a change to the liquidity risk from the prior period. Uncertain economic conditions caused by the COVID-19 pandemic may impact the entity's ability to collect cash inflows from donations and grants.

(c) 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. The fair values of short-term investments and marketable securities fluctuate as market rates of interest change. The Foundation does not employ derivative financial instruments to hedge its exposure to interest rate risk but management does not anticipate significant effect on future cash flows.

(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 \$119,599 (2019 - \$80,493) 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

The COVID-19 pandemic has resulted in an increase in currency risk by increasing volatility in currency markets. The Foundation cannot predict changes in currency exchange rates or the impact of exchange rates on operating results. Such changes, including negative impacts on currency exchange rates related to the COVID-19 pandemic, could have a material effect in the Foundation's operations and financial condition.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2020

9. Financial instruments (continued)

(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.

COVID-19 has resulted in an increase in other price risk by increasing volatility in investment markets. The Foundation cannot predict changes in economic conditions that impact individual financial instruments or similar financial instruments or issuers. Such changes arising from the COVID-19 pandemic, could have a material effect in the Foundation's operations and financial condition.

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.