

Yellowstone to Yukon Conservation Initiative Society

Financial Statements

December 31, 2013

Yellowstone to Yukon Conservation Initiative Society

Financial Statements

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Independent Auditors' Report

To the Directors of Yellowstone to Yukon Conservation Initiative Society

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Initiative Society, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in fund balances 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 society'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 society'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yellowstone to Yukon Conservation Initiative Society 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

Yellowstone to Yukon Conservation Initiative Society

Statement of Operations

For the year ended December 31,	2013	2012
Revenues		
Grants	\$ 53,396	\$ 22,840
Commissions	32,069	19,526
Interest income	7,971	8,097
Other income (note 5)	84,565	86,193
Y2Y contract revenue (note 5)	1,310,678	2,548,128
	1,488,679	2,684,784
Expenditures		
Program Fund	1,297,048	1,128,778
Trust Fund	400,000	468,625
General Fund	111,761	159,174
Development Fund	220,055	156,810
	2,028,864	1,913,387
Excess (deficiency) of revenues over expenditures before other item	(540,185)	771,397
Other income (expense)		
Gain (loss) on foreign exchange	83,750	(66,687)
Excess (deficiency) of revenues over expenditures	\$ (456,435)	\$ 704,710

Yellowstone to Yukon Conservation Initiative Society

Statement of Operations by Fund

For the year ended December 31,	2013 Development Fund	2013 Program Fund	2013 General Fund	2013 Trust Fund	2013 Total	2012 Total
Revenue						
Grants	\$ -	\$ 53,396	\$ -	\$ -	\$ 53,396	\$ 22,840
Commissions	-	31,464	605	-	32,069	19,526
Interest income	-	-	7,971	-	7,971	8,097
Other income (note 5)	38,317	40,904	5,344	-	84,565	86,193
Y2Y contract revenue (note 5)	95,000	1,135,678	80,000	-	1,310,678	2,548,128
	133,317	1,261,442	93,920	-	1,488,679	2,684,784
Expenses						
Conference expense	193	5,992	106	-	6,291	2,879
Consulting fees	4,712	390,718	935	-	396,365	307,978
Grants	-	83,500	-	-	83,500	96,874
Land conservation	-	-	-	400,000	400,000	468,625
Office	38,834	113,302	15,265	-	167,401	152,494
Professional fees	-	-	9,656	-	9,656	10,956
Salaries and related benefits	164,549	629,212	65,775	-	859,536	785,805
Travel	11,767	74,324	20,024	-	106,115	87,776
	220,055	1,297,048	111,761	400,000	2,028,864	1,913,387
Excess (deficiency) of revenues over expenses before other income	(86,738)	(35,606)	(17,841)	(400,000)	(540,185)	771,397
Other income						
Gain (loss) on foreign exchange	-	-	83,750	-	83,750	(66,687)
Excess (deficiency) of revenues over expenses	\$ (86,738)	\$ (35,606)	\$ 65,909	\$ (400,000)	\$ (456,435)	\$ 704,710

Yellowstone to Yukon Conservation Initiative Society

Statement of Changes in Fund Balances

For the year ended December 31, 2013

		2013			
	Total	Development Fund	Program Fund	General Fund	Trust Fund
Balance, beginning of year	\$ 1,933,875	\$ -	\$ 699,689	\$ 316,982	\$ 917,204
Excess (deficiency) of revenues over expenditures	(456,435)	(86,738)	(35,606)	65,909	(400,000)
Interfund transfers	-	86,738	-	(86,738)	-
Balance, end of year	\$ 1,477,440	\$ -	\$ 664,083	\$ 296,153	\$ 517,204

2012

	Total	Development Fund	Program Fund	General Fund	Trust Fund
Balance, beginning of year	\$ 1,229,165	\$ -	\$ 523,534	\$ 358,802	\$ 346,829
Excess of revenues over expenditures	704,710	-	176,155	(41,820)	570,375
Balance, end of year	\$ 1,933,875	\$ -	\$ 699,689	\$ 316,982	\$ 917,204

Yellowstone to Yukon Conservation Initiative Society

Statement of Financial Position

December 31, 2013 2012

Assets

Current

Cash (note 3)	\$ 99,760	\$ 658,589
Marketable securities (note 4)	1,477,055	1,378,143
Accounts receivable (note 5)	15,552	9,700
Deposits	16,535	10,000

\$ 1,608,902 **\$ 2,056,432**

Liability

Current

Accounts payable and accrued liabilities	\$ 131,462	\$ 122,557
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Fund balances

Program Fund	664,083	699,689
General Fund	296,153	316,982
Trust Fund	517,204	917,204

1,477,440 1,933,875

\$ 1,608,902 **\$ 2,056,432**

Approved on behalf of the Board:

_____ Director

_____ Director

Yellowstone to Yukon Conservation Initiative Society

Statement of Cash Flows

For the year ended December 31,	2013	2012
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ (456,435)	\$ 704,710
Change in non-cash working capital items		
Accounts receivable	(5,852)	(9,700)
Deposits	(6,535)	-
Accounts payable and accrued liabilities	8,905	(50,419)
	(459,917)	644,591
Financing activities		
Proceeds from sale of marketable securities	750,000	575,000
Purchase of marketable securities	(848,912)	(854,942)
	(98,912)	(279,942)
Increase (decrease) in cash	(558,829)	364,649
Cash, beginning of year	658,589	293,940
Cash, end of year	\$ 99,760	\$ 658,589

Yellowstone to Yukon Conservation Initiative Society

Notes to the Financial Statements

December 31, 2013

1. Nature of operations

Yellowstone to Yukon Conservation Initiative Society ("Y2Y-Alberta") is the Canadian component of Yellowstone to Yukon Conservation Initiative ("Y2Y") which is a joint US-Canadian network whose mission is to build and maintain a life-sustaining core of protected reserves and connecting wildlife movement corridors comprising the Rocky, Columbia and Mackenzie Mountains from Yellowstone to Yukon. The network is comprised of over 160 organizations, institutions and foundations plus an equal number of individual scientists, conservationists, economists and environmental advocates.

The Society was incorporated under the Societies Act of Alberta on December 12, 2000 and began operations on January 1, 2001.

The Society and Yellowstone to Yukon Conservation Initiative Foundation ("Y2YCIF") entered into an agency agreement in August 2006 whereby the Y2YCIF would contribute funding for the Society to carry out the charitable activities of the Foundation.

Y2Y-Alberta and Y2Y-Montana entered into an agency agreement in February 2001 whereby Y2Y-Montana would contract Y2Y-Alberta to carry out Y2Y-Montana's charitable activities.

No provision for income taxes was provided in the financial statements as the Society is exempt from tax under section 149(1)(l) of the Income Tax Act (Canada).

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) Fund accounting

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

The General fund includes general revenues and expenditures of the Society and contributions relating to the administration and coordination of Y2Y. This fund is unrestricted and includes interest income from restricted funds for general operation purposes.

The Development fund includes revenues and expenses related to the fundraising for the Society. This fund is an unrestricted fund.

The Program fund includes revenues and expenses related to activities of the Society through which it accomplishes its goals. This is a restricted fund.

The Trust fund includes contributions received that have been restricted for land conservation projects.

Yellowstone to Yukon Conservation Initiative Society

Notes to the Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(b) Revenue recognition

Restricted contributions relating to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the respective fund to which the applicable expenditure are incurred.

Unrestricted contributions are recognized as revenue of the applicable fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income earned on restricted funds is recognized as revenue of the General Fund.

(c) Cash equivalents

Cash and cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments.

(d) Foreign currency

Monetary assets and liabilities of the Society 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.

(e) Contributed services

Volunteers contributed time to assist the Society in carrying out its programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) 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.

Yellowstone to Yukon Conservation Initiative Society

Notes to the Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(g) Financial instrument classification

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 Society subsequently measures the following financial assets and financial liabilities at amortized cost: cash, accounts receivable, and accounts payable and accrued liabilities.

The Society 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.

3. Cash

Included in cash is a \$50,000 guaranteed investment certificate earning interest at a rate of 1.35% and maturing February 27, 2014.

Yellowstone to Yukon Conservation Initiative Society

Notes to the Financial Statements

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4. Marketable securities

Marketable securities consists of investments with RBC Funds and are recorded at market value. Since the market value of the marketable securities is equal to the book value recorded in the accompanying financial statements, there are no gains or losses recognized in the statement of operations.

	2013	2012
Money market funds - RBC Canadian portfolio	\$ 869,791	\$ 363,001
Money market funds - RBC US portfolio	607,264	1,015,142
	\$ 1,477,055	\$ 1,378,143

The RBC Canadian account includes funds of \$147,437 (2012 - \$347,437) and the RBC U.S. account includes funds of \$337,274 (2012 - \$517,215) that have been externally restricted for the purpose of purchasing land, the long term stewardship of purchased land and raising additional funds for purchases.

5. Related party transactions

On February 25, 2001, the Society entered into an agency agreement with Y2Y-Montana whereby Y2Y-Montana provides the Society with funds to be administered and disbursed by the Society in satisfying the objectives of the Y2Y group of entities.

The Society has significant influence in Y2YCIF. Y2YCIF is incorporated under the Societies Act of Alberta and is a registered charitable organization under the Income Tax Act. Y2YCIF raises funds for the Society.

During the year, the Society entered into the following transactions with related parties.

	2013	2012
Revenue		
Y2Y-Montana contract	\$ 913,500	\$ 2,163,515
Y2Y-Montana management fees	84,565	86,193
Y2YCIF contract	397,178	384,613
	\$ 1,395,243	\$ 2,634,321

Included in accounts receivable are the following balances with related parties.

Y2Y-Montana	\$ 9,279	\$ -
Y2YCIF	4,050	9,700
	\$ 13,329	\$ 9,700

Yellowstone to Yukon Conservation Initiative Society

Notes to the Financial Statements

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6. Lease commitments

The Society's total commitment, under various operating leases and a property lease agreement, exclusive of occupancy costs, is as follows:

2014	\$ 38,940
2015	38,940
2016	38,940
2017	38,940
2018	40,268
Subsequent years	10,177
	<hr/>
	\$ 206,205

7. Interfund transfers

The interfund transfer between the General Fund to the Development Fund was recorded to offset the accumulated deficiencies of revenues over expenditures in the Development Fund.

8. Economic dependence

During the year, the Society received \$998,065 (2012 - \$2,249,708), which represents 67% (2012 - 84%) of its revenue, from Y2Y-Montana. If Y2Y-Montana should substantially reduce or cease its contributions, the Society's ability to continue viable operations may be affected.

9. 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 Society 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 Society is exposed to credit risk from donors. The maximum credit exposure of the Society is represented by the fair value of accounts receivable as presented in the Statement of Financial Position.

(b) 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 Society is exposed to interest rate risk on its Guaranteed Investments Certificates.

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Notes to the Financial Statements

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9. Financial instruments (continued)

(c) Market risk

The Society 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).

(d) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued liabilities of \$131,462 (2012 - \$122,557). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. In the opinion of management, the liquidity risk exposure to the Society is low and is not material.

(e) Currency risk

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

The functional currency of the Society is the Canadian dollar. The Society frequently transacts in US dollars due to certain revenues and operating costs being denominated in US dollars. As at December 31, 2013, the Society had the following US dollar balances translated into Canadian dollars:

	2013	2012
Cash	\$ 17,543	\$ 579,950
Marketable securities	607,264	1,015,142
Accounts receivable	9,279	-
Accounts payable	17,029	34,398