

**Yellowstone to Yukon
Conservation Initiative Foundation**

Financial Statements

December 31, 2014

Yellowstone to Yukon Conservation Initiative Foundation

Financial Statements

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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, 2014, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yellowstone to Yukon Conservation Initiative Foundation as at December 31, 2014, 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
June 1, 2015

Crowe MacKay LLP
Chartered Accountants

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Operations

For the year ended December 31,	2014	2013
Revenues		
Grants	\$ 333,303	\$ 106,452
Individual donations	260,657	212,476
Corporate donations	34,575	38,500
	628,535	357,428
Expenditures		
Contract service	601,668	397,178
Insurance	1,100	-
Interest and bank charges	1,450	1,597
Professional fees	3,675	3,413
Research contracts	5,000	5,000
	612,893	407,188
Income (loss) before other income	15,642	(49,760)
Other income		
Unrealized gain on foreign exchange	5,335	3,580
Dividend income	3,702	3,562
Unrealized gain in market value	10,312	19,441
	19,349	26,583
Excess (deficiency) of revenues over expenditures	\$ 34,991	\$ (23,177)

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Changes in Net Assets

For the year ended December 31,	2014	2013
Unrestricted net assets, beginning of year	\$ 234,680	\$ 257,857
Excess (deficiency) of revenues over expenditures	34,991	(23,177)
Unrestricted net assets, end of year	\$ 269,671	\$ 234,680

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Financial Position

December 31,	2014	2013
Assets		
Current		
Cash (note 3)	\$ 169,598	\$ 159,397
Marketable securities (note 4)	125,257	105,909
Accounts receivable	95,550	23,500
Prepaid expenses	1,100	-
	\$ 391,505	\$ 288,806
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 3,500	\$ 11,051
Deferred contributions (note 5)	118,334	43,075
	121,834	54,126
Net Assets		
Unrestricted net assets	269,671	234,680
	\$ 391,505	\$ 288,806

Approved on behalf of the Board:

_____ Director
_____ Director

Yellowstone to Yukon Conservation Initiative Foundation

Statement of Cash Flows

For the year ended December 31,	2014	2013
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 34,991	\$ (23,177)
Item not affecting cash		
Unrealized gain on marketable securities	(10,312)	(19,441)
	24,679	(42,618)
Change in non-cash working capital items		
Accounts receivable	(72,050)	2,300
Prepaid expenses	(1,100)	-
Accounts payable and accrued liabilities	(7,550)	(5,949)
Deferred contributions	75,259	43,075
	19,238	(3,192)
Investing activities		
Proceeds from sale of marketable securities	-	5,000
Reinvested dividends	(3,702)	(3,562)
Unrealized foreign exchange on US investments	(5,335)	(3,580)
	(9,037)	(2,142)
Increase (decrease) in cash	10,201	(5,334)
Cash, beginning of year	159,397	164,731
Cash, end of year	\$ 169,598	\$ 159,397
Cash consists of:		
Cash	\$ 138,774	\$ 128,573
Guaranteed Investment Certificate	30,824	30,824
	\$ 169,598	\$ 159,397

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2014

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, facilitate, and operate 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 in the fund in which the related financial instrument is recorded. 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 Initiative Foundation

Notes to the Financial Statements

December 31, 2014

2. Significant accounting policies (continued)

(c) Foreign exchange

The Foundation uses the temporal method to translate its foreign currency transactions and balances. Under this method, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rates of exchange in effect on the date the assets were acquired or liabilities incurred, unless such items are carried at fair value in which case they are translated at the exchange rate in effect on the balance sheet date. Revenues and expenses are translated into Canadian dollars at the rate of exchange prevailing on the date the transaction occurred. Exchange gains or losses arising on translation or settlement of a foreign currency-denominated monetary item or a non-monetary item carried at market are included in operations for the year.

(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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

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 Initiative Foundation

Notes to the Financial Statements

December 31, 2014

2. Significant accounting policies (continued)

(e) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organization 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 current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year in they become known.

3. Cash

Included in cash is a \$30,824 (2013 - \$30,824) guaranteed investment certificate earning interest at a rate of 0.80%, maturing February 2, 2015.

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.

	2014	2013
Canadian account		
Cash	\$ 3,469	\$ 1,640
Equities - Cost \$47,609 (2013 - \$47,609)	55,142	49,777
US account		
Cash	3,316	1,699
Equities - Cost \$45,777 (2013 - \$45,777)	63,330	52,793
	\$ 125,257	\$ 105,909

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:

	2014	2013
Beginning balance	\$ 43,075	\$ -
Less amount recognized as revenue in the year	(43,075)	-
Add amount received related to the following year	118,334	43,075
	\$ 118,334	\$ 43,075

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

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6. Related party transactions

The Foundation is related to Yellowstone to Yukon Conservation Initiative Society (Y2Y-Alberta) through common management and four 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.

	2014	2013
Expenses - Contract services from Y2Y-Alberta	\$ 601,668	\$ 397,178
Included in Accounts Payable - Y2Y-Alberta	\$ -	\$ 4,050

7. Financial instruments

Transacting in and holding of financial instruments exposes the Foundation to certain financial risks and uncertainties. These risks 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 as well as investments in RBC 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 and investments are with a well established financial institution 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.

(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 certificates. 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.

Yellowstone to Yukon Conservation Initiative Foundation

Notes to the Financial Statements

December 31, 2014

7. Financial instruments (continued)

(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 of \$66,646 (2013 - \$54,492) denominated in Canadian 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.