

Nature United

Financial Statements

June 30, 2020



Independent auditor's report

To the Members of Nature United

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nature United (the Organization) as at June 30, 2020, 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2020;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
December 3, 2020

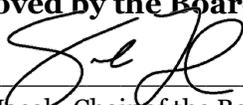
Nature United

Statement of Financial Position

As at June 30, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	1,130,230	1,099,822
Accounts receivable (note 3)	54,675	9,603
Grant receivable	7,107	-
Prepaid expenses	38,117	19,609
	<hr/>	<hr/>
Total assets	1,230,129	1,129,034
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	330,671	325,774
Grants payable (note 4)	46,000	1,114
Deferred contributions (note 5)	1,231,693	279,538
	<hr/>	<hr/>
	1,608,364	606,426
Deferred lease inducements	<hr/>	<hr/>
	18,013	2,087
Total liabilities	<hr/>	<hr/>
	1,626,377	608,513
Net Assets	<hr/>	<hr/>
	(396,248)	520,521
Total liabilities and net assets	<hr/>	<hr/>
	1,230,129	1,129,034
Commitments (note 7)		

Approved by the Board of Directors



Sasha Jacob, Chair of the Board

The accompanying notes are an integral part of these financial statements.

Nature United

Statement of Operations and Changes in Net Assets

For the year ended June 30, 2020

	2020 \$	2019 \$
Revenue		
Donation from The Nature Conservancy (note 3)	2,625,000	2,800,000
Restricted contributions (note 5)	1,026,249	1,177,294
Other donations	102,533	102,169
	<hr/> 3,753,782	<hr/> 4,079,463
Expenses		
Personnel and fringe benefits	2,946,435	2,470,767
Contract and professional fees	833,779	643,104
Grants	540,624	352,348
Rent	134,000	71,399
Travel	91,633	86,585
Training and meetings	59,465	80,136
Other expenses	23,297	28,485
Repair and maintenance	14,294	5,705
Telecommunications	12,691	9,065
Bank charges and interest	10,407	9,127
Supplies and equipment	3,926	2,392
	<hr/> 4,670,551	<hr/> 3,759,113
Net (expense) revenue for the year	(916,769)	320,350
Net assets – Beginning of year	520,521	200,171
Net assets – End of year	<hr/> (396,248)	<hr/> 520,521

The accompanying notes are an integral part of these financial statements.

Nature United

Statement of Cash Flows

For the year ended June 30, 2020

	2020	2019
	\$	\$
Cash from donations and contributions		
Donations from The Nature Conservancy	2,625,000	2,800,000
Restricted contributions	1,900,766	1,032,960
Other donations	102,533	250,669
Government grants	70,531	93,996
	<hr/>	<hr/>
	4,698,830	4,177,625
Cash paid for		
Contracts and professional fees	(783,480)	(596,237)
Grants	(515,737)	(397,234)
Payroll and fringe benefits	(2,990,860)	(2,408,618)
Rent	(114,421)	(73,598)
Other expenses	(218,852)	(249,233)
Related party expenses	(45,072)	(9,603)
	<hr/>	<hr/>
	(4,668,422)	(3,734,523)
Increase in cash during the year	30,408	443,102
Cash – Beginning of year	<hr/>	<hr/>
	1,099,822	656,720
Cash – End of year	<hr/>	<hr/>
	1,130,230	1,099,822

The accompanying notes are an integral part of these financial statements.

Nature United

Notes to Financial Statements

June 30, 2020

1 Organization

Nature United (the Organization) was incorporated on November 21, 2012, under the provisions of the Canada Not-for-profit Corporations Act and became a registered charity on March 18, 2014. As a registered charity, the Organization is exempt from income taxes pursuant to subsection 149(1)(l) of the Income Tax Act (Canada).

The purpose of the Organization is to conserve the lands and waters on which all life depends.

The Nature Conservancy (the Conservancy) founded and is the sole member of the Organization. The Conservancy also makes ongoing financial donations to the Organization to help support its purpose, consistent with the Cooperation Agreement between the two entities.

2 Summary of significant accounting policies

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

Revenue recognition

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

Where donations or grants are restricted and there is not an appropriate fund designated by the Organization, the contribution is deferred and is ultimately recognized as revenue in the general fund in the same period as the related expense for which it was restricted.

Revenue from unrestricted donations and grants is recognized as revenue in the general fund when cash is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

- Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measure all its financial assets and liabilities at amortized cost. Financial assets measured at cost include cash, accounts receivable and grants receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and grants payable.

Nature United

Notes to Financial Statements

June 30, 2020

- Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of any writedown, if applicable, is recognized in net revenue (expense) for the year. Any previously recognized impairment loss may be reversed to the extent of an improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. If applicable, the amount of the reversal is recognized in revenue (expense) for the year.

Use of estimates

The preparation of these 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available. Assumptions are used in estimating the amounts of certain accrued liabilities.

Lease inducements

Inducements received on signing or renewal of a lease are deferred and amortized on a straight-line basis over the term of the lease.

3 Related party transactions

In addition to donations totalling \$2,625,000 (2019 – \$2,800,000), the Conservancy provided various support services to the Organization (including corporate management, ethics and compliance, legal, finance and administration, human resources and information technology) at no charge. The Conservancy also incurred \$322,691 (2019 – \$375,722) of contractual, communications, travel and other expenses, which were not charged back to the Organization.

Included in accounts receivable is \$45,072 (2019 – \$9,603) owing from the Conservancy. This amount is non-interest bearing and has no specific terms of repayment.

4 Grants payable

As at June 30, 2020, the Organization had approved grants of various terms up to May 2021. Amounts are payable based on the terms of the grant, which may include pre-term costs, amounts that are paid out without additional deliverables or amounts that are paid out based on the submission of reports or supporting cost summaries.

Accounts payable and accrued liabilities include \$390 (2019 – \$25,113) owing to government agencies.

Nature United

Notes to Financial Statements

June 30, 2020

5 Deferred contributions

	2020 \$	2019 \$
Balance – Beginning of year	279,538	179,876
Amounts received	1,978,404	1,126,956
Amounts recognized as revenue	(1,026,249)	(1,027,294)
	<hr/>	<hr/>
Balance – End of year	1,231,693	279,538

6 Financial instruments

The Organization is subject to liquidity risk through its debts and obligations. To ensure the Organization is able to fund its obligations as they come due, it maintains accessible sources of liquidity, consisting primarily of cash balances. The Organization mitigates its risk by monitoring cash flows and maintaining a conservative level of debt suitable to its size in reference to the industry in which it operates.

As at June 30, 2020, the Organization had \$3,095,000 of restricted contributions relating to executed donor agreements. These have not been recognized in the statement of financial position given that they are not collected at the year-end.

It is management's opinion that the Organization is not subject to significant credit, currency, interest or other risk.

7 Commitments

The Organization leases office space from a third party. The minimum lease payments under the operating lease are as follows:

	\$
2021	104,900
2022	114,436
2023	114,436
2024	114,436
2025	38,145

The Organization enters into grant agreements with third parties, which have various expiry dates. As at June 30, 2020, the following amounts related to these grants are not yet due (note 4):

	\$
2021	108,500

Nature United

Notes to Financial Statements

June 30, 2020

8 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

9 Implication of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the authorities to contain the virus have affected global and local economic activity. The long-term impact of the outbreak remains uncertain; management is closely monitoring the economic development and any potential impacts there may be on operations.