

Combined Financial Statements of

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE
CANADA AND WORLD WILDLIFE FUND
CANADA FOUNDATION - FONDATION DU
FONDS MONDIAL POUR LA NATURE
CANADA**

And Independent Auditors' Report thereon

Year ended June 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of World Wildlife Fund Canada -
Fonds mondial pour la nature Canada and
World Wildlife Fund Canada Foundation -
Fondation du fonds mondial pour la nature Canada

Opinion

We have audited the combined financial statements of World Wildlife Fund Canada - Fonds mondial pour la nature Canada and World Wildlife Fund Canada Foundation - Fondation du fonds mondial pour la nature Canada (the Entity), which comprise:

- the combined statement of financial position as at June 30, 2020
- the combined statement of operations and changes in fund balances for the year then ended
- the combined statement of specific operating funds and changes in fund balances for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at June 30, 2020, and its combined results of operations and its combined 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 auditors' report.

We are independent of the Entity 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.



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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

October 8, 2020

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
WORLD WILDLIFE FUND CANADA FOUNDATION -
FONDATION DU FONDS MONDIAL POUR LA NATURE CANADA**



Combined Statement of Financial Position
(In thousands of dollars)

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 4,752	\$ 2,682
Accounts receivable	246	310
Prepaid expenses and other assets	997	725
	<u>5,995</u>	<u>3,717</u>
Investments (note 4)	24,915	23,998
Property and equipment (note 6)	615	450
Property and equipment under lease (note 6)	74	99
	<u>\$ 31,599</u>	<u>\$ 28,264</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,330	\$ 1,789
Current portion of obligations under capital leases (note 7)	49	46
	<u>2,379</u>	<u>1,835</u>
Long-term obligations under capital leases (note 7)	27	56
Fund balances:		
Operating funds:		
Unrestricted	963	1,241
Restricted	7,463	7,437
	<u>8,426</u>	<u>8,678</u>
Capital funds:		
In trust and other capital (note 8)	16,025	14,952
Legacy giving	4,129	2,296
Property and equipment	613	447
	<u>20,767</u>	<u>17,695</u>
	<u>29,193</u>	<u>26,373</u>
Commitments (note 12)		
Subsequent event (note 15)		
	<u>\$ 31,599</u>	<u>\$ 28,264</u>

See accompanying notes to combined financial statements.

On behalf of the Board:

 Director
 Director

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
WORLD WILDLIFE FUND CANADA FOUNDATION -
FONDATION DU FONDS MONDIAL POUR LA NATURE CANADA**

Combined Statement of Operations and Changes in Fund Balances
(In thousands of dollars)

Year ended June 30, 2020, with comparative information for 2019

					2020	2019
	Operating funds	In trust and other capital	Legacy giving	Property and equipment	Total	Total
Revenue:						
Individual donations	\$ 10,024	\$ 1,180	\$ 4,290	\$ --	\$ 15,494	\$ 13,692
Corporate donations	1,783	--	--	--	1,783	1,907
Foundations	3,690	--	--	--	3,690	4,676
Other not-for-profit	600	--	--	--	600	459
Government	2,311	--	--	--	2,311	914
WWF family (note 5)	2,082	--	--	--	2,082	1,358
Product sales, event promotions and fees	940	--	--	--	940	989
Investment earnings	304	883	--	--	1,187	1,258
	21,734	2,063	4,290	--	28,087	25,253
Expenses:						
Conservation:						
Program implementation (notes 5 and 10)	11,317	--	--	--	11,317	11,725
Research and grants	2,990	--	--	--	2,990	2,376
Raising awareness (note 10)	4,318	--	--	--	4,318	3,947
	18,625	--	--	--	18,625	18,048
Fundraising and administration (note 11)	5,901	58	102	--	6,061	6,641
Amortization of property and equipment	--	--	--	181	181	187
	24,526	58	102	181	24,867	24,876
Excess (deficiency) of revenue over expenses before fair value changes in investments	(2,792)	2,005	4,188	(181)	3,220	377
Fair value changes in investment gain (loss)	(56)	(344)	--	--	(400)	330
Excess (deficiency) of revenue over expenses	(2,848)	1,661	4,188	(181)	2,820	707
Fund balances, beginning of year	8,678	14,952	2,296	447	26,373	25,666
Interfund transfers	2,596	(588)	(2,355)	347	--	--
Fund balances, end of year	\$ 8,426	\$ 16,025	\$ 4,129	\$ 613	\$ 29,193	\$ 26,373

See accompanying notes to combined financial statements.

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
WORLD WILDLIFE FUND CANADA FOUNDATION -
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Combined Statement of Specific Operating Funds and Changes in Fund Balances
(In thousands of dollars)

Year ended June 30, 2020, with comparative information for 2019

						2020	2019
	Arctic	Oceans	Fresh water	Global conservation and other	Unrestricted	Total	Total
Revenue:							
Individual donations	\$ 472	\$ 220	\$ 12	\$ 492	\$ 8,828	\$ 10,024	\$ 11,200
Corporations donations	10	22	208	847	696	1,783	1,907
Foundations	1,406	871	442	708	263	3,690	4,676
Other non-profit	11	83	-	8	498	600	459
Government	294	1,189	14	84	730	2,311	914
WWF family (note 5)	1,960	-	-	-	122	2,082	1,358
Product sales, event promotions and fees	-	-	25	7	908	940	989
Investments	16	11	-	-	277	304	350
	4,169	2,396	701	2,146	12,322	21,734	21,853
Expenses:							
Conservation:							
Program implementation (notes 5 and 10)	3,936	2,724	1,199	3,312	146	11,317	11,725
Research and grants	1,149	640	398	803	-	2,990	2,376
Raising awareness (note 10)	-	-	-	-	4,318	4,318	3,947
	5,085	3,364	1,597	4,115	4,464	18,625	18,048
Fundraising and administration (note 11)	-	-	-	-	5,901	5,901	6,426
	5,085	3,364	1,597	4,115	10,365	24,526	24,474
Excess (deficiency) of revenue over expenses before the undernoted	(916)	(968)	(896)	(1,969)	1,957	(2,792)	(2,621)
Fair value changes in investments	-	-	-	-	(56)	(56)	40
Transfer from the Foundation (note 8(b))	-	37	-	114	437	588	596
Excess (deficiency) of revenue over expenses	(916)	(931)	(896)	(1,855)	2,338	(2,260)	(1,985)
Fund balances, beginning of year	4,195	940	1,254	1,048	1,241	8,678	8,940
Interfund transfers:							
Operating	1,264	803	388	2,110	(4,565)	-	-
Property and equipment	-	-	-	-	(347)	(347)	(87)
Legacy giving	59	-	-	-	2,296	2,355	1,810
Fund balances, end of year	\$ 4,602	\$ 812	\$ 746	\$ 1,303	\$ 963	\$ 8,426	\$ 8,678
Comprising:							
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ 963	\$ 963	\$ 1,241
Restricted	4,602	812	746	1,303	-	7,463	7,437
	\$ 4,602	\$ 812	\$ 746	\$ 1,303	\$ 963	\$ 8,426	\$ 8,678

See accompanying notes to combined financial statements.

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
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Combined Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,820	\$ 707
Items not involving cash:		
Amortization of property and equipment	181	187
Fair value changes in investment loss (gain)	400	(330)
Change in non-cash operating working capital:		
Accounts receivable	64	346
Prepaid expenses and other assets	(272)	(93)
Accounts payable and accrued liabilities	541	267
	<u>3,734</u>	<u>1,084</u>
Financing activities:		
Increase in obligations under capital leases	(18)	-
Repayment of obligations under capital leases	(26)	(37)
	<u>(44)</u>	<u>(37)</u>
Investing activities:		
Additions to property and equipment	(303)	(50)
Purchase of investments, net	(1,317)	(801)
	<u>(1,620)</u>	<u>(851)</u>
Increase in cash	2,070	196
Cash, beginning of year	2,682	2,486
Cash, end of year	<u>\$ 4,752</u>	<u>\$ 2,682</u>

See accompanying notes to combined financial statements.

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
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Notes to Combined Financial Statements
(In thousands of dollars)

Year ended June 30, 2020

1. Basis of presentation:

These combined financial statements represent the combined financial statements of the individual entities, World Wildlife Fund Canada - Fonds mondial pour la nature Canada (the "Fund") and World Wildlife Fund Canada Foundation - Fondation du fonds mondial pour la nature Canada (the "Foundation"), collectively ("WWF-Canada"). The Fund is a national registered charity formed to collect, manage and disburse funds through suitable bodies or individuals for the conservation of fauna, flora, forests, landscape, water, soils and other natural resources in Canada and elsewhere, by research and investigation, education at all levels, information and publicity, coordination of efforts, cooperation with other interested parties and all other appropriate means. The Foundation is a registered Canadian charitable foundation and is the legal body responsible for administering assets donated to be held in trust and other capital funds designated by the Board of Directors. The Fund and the Foundation were incorporated on May 16, 1967 and August 17, 1982, respectively, by letters patent issued under Part 2 of the Canada Corporations Act, without share capital, and were continued under the Canada Not-for-profit Corporations Act on July 22, 2013. Both organizations are registered charities under the Income Tax Act (Canada) and, accordingly, are exempt from income taxes. The Fund and the Foundation share a common board.

Audited financial statements for the Fund and Foundation, as at June 30, 2020 and 2019 and for the years ended June 30, 2020 and 2019, are available.

2. Conservation programs:

(a) Canadian conservation:

Canada is home to 20 percent of the world's fresh water, three oceans, the longest coastline of any country in the world and abundant natural lands in between. Canadians share this space with about 140,000 other known species and tens of thousands more that have not been identified.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

2. Conservation programs (continued):

WWF-Canada undertakes priority programs in ocean, Arctic, and freshwater wildlife conservation as well as nature in communities, science research and innovation and Quebec and Francophone Canada to achieve the following using the best available science:

(i) Marine and coastal protections:

Ensure strong, science-based protections for marine and coastal areas that are essential for wildlife and treasured by communities.

(ii) Healthy freshwater ecosystems:

WWF-Canada nationwide assessment of all 25 major freshwater ecosystems addresses a data gap and informs how WWF-Canada engage Canadians to build healthy and resilient watersheds to sustain people and nature.

(iii) Responsible development solutions that conserve wildlife:

WWF-Canada works with community associations, indigenous peoples, research institutions, governments, businesses and others to create solutions that conserve wildlife and critical habitat.

(iv) Low-impact sustainable fisheries:

This work addresses the sustainability of small fish that are the basis of healthy marine ecosystems. WWF-Canada is also helping Arctic communities develop small-scale sustainable fisheries.

(v) Habitat-friendly renewable energy:

WWF-Canada goal is 100 percent renewable energy by 2050 or before. WWF-Canada is working with governments, communities, industry partners and financial institutions to ensure more renewable-energy projects happen faster and do not harm nature and wildlife.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

2. Conservation programs (continued):

(vi) Engaging Canadians in protecting nature:

WWF-Canada's Wildlifer campaign, for example, targets having at least 1 in 10 Canadians actively involved in hands-on action to wildlife habitat improvement by 2020.

(b) Global conservation:

Like many Canadians, WWF-Canada is part of a family that reaches around the world. Integrated with WWF-Canada's work in Canada, the organization plays a key role in critical tiger conservation in Nepal and provides Canadian leadership and support for other global programs and initiatives important to Canada and Canadians.

3. Significant accounting policies:

The financial statements of WWF-Canada are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accrual basis of accounting is used for reporting all revenue and expenses.

(a) Revenue recognition:

WWF-Canada follows the restricted fund method of accounting for contributions:

- (i) Restricted contributions are recognized as revenue of the related restricted fund when received or receivable. Contributions are recognized in the respective fund if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which no corresponding restricted fund is presented are recognized in the operating fund in accordance with the deferral method.
- (ii) Unrestricted contributions are recognized as revenue of the unrestricted fund when received or receivable.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

(iii) Investment income is recognized as revenue when earned. Other revenue (product sales, event promotions and fees) is recognized when the service is provided or the goods are sold.

(b) Funds:

(i) Operating funds:

The operating funds include both restricted and unrestricted amounts.

The restricted fund represents funds used for WWF-Canada's priority and global conservation programs.

Certain conservation programs are not undertaken until an appropriate level of specific funds or pledges has been received. WWF-Canada plans on the basis that specific funds on hand or pledges secured must exceed the related expenditure planned for the next three to five months. Normally, funds received are expended within 12 months, but sometimes funds received relate to multi-year programs and commitments and are held for more than 12 months.

The unrestricted fund represents unspent unrestricted revenue. Unrestricted revenue is used to fund both general operations and conservation projects.

(ii) Legacy giving fund:

The legacy giving fund represents amounts received from bequests through the legacy giving program, which have not been used to fund ongoing conservation programs.

All bequests received through this program are initially recorded in the legacy giving fund. Funds restricted by donors for specific programs are transferred to the restricted fund under the respective program. Each year, the Board of Directors determines the amount to be allocated to the unrestricted fund. Remaining amounts are considered to be internally restricted by the Board of Directors for future use.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

(iii) Capital funds:

(a) In trust and other capital funds:

The in trust and other capital funds represent assets donated to be held in trust and other capital funds designated by the Board of Directors (note 8).

(b) Property and equipment fund:

The property and equipment fund represents the net investment in WWF-Canada's property and equipment as described in note 6. Amounts required for the purchase of property and equipment or representing donated property and equipment are transferred from the unrestricted fund to the property and equipment fund and are considered to be internally restricted fund.

(c) Financial assets and liabilities:

WWF-Canada initially measures accounts receivable and accounts payable and accrued liabilities at fair value and subsequently at amortized cost.

WWF-Canada initially measures its investments on the combined statement of financial position at fair value. WWF-Canada has elected to subsequently measure its investments at fair value, with changes in fair value recorded in the combined statement of operations and changes in fund balances and combined statement of specific operating funds and changes in fund balances. Transaction costs associated with the acquisition and disposal of the investments are expensed as incurred.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting year when there are indicators the assets may be impaired.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

(d) Investments:

WWF-Canada classifies its investments based on intention for use, rather than the composition and maturity dates of the underlying investments. Although WWF-Canada has the ability to liquidate a portion of the long-term investments at any given time based on their composition, in substance management intends to hold the long-term investments for a period greater than one year, to earn investment income.

Investments are held solely for earning investment income and are not held for operating purposes. The proceeds from the sale of investments are not withdrawn from the investment portfolios; instead they are reinvested to purchase additional investments to be held for the purpose of earning investment income.

(e) Property and equipment:

Amounts required for the purchase of property and equipment are transferred from the unrestricted general fund to the property and equipment fund.

Property and equipment acquired for specific international projects are expensed immediately. Artwork is capitalized but not amortized as its value appreciates. Donated property and equipment are recorded at their estimated fair value at the date of acquisition. If a fair value cannot be reasonably determined, the donated asset is recorded at nominal value.

Property and equipment held for regular operations are capitalized and amortized on a straight-line basis as follows:

Furniture and fixtures	8 years
Leasehold improvements	Over term of lease
Computer software	2 years
Computer hardware	3 years
Office equipment	3 years
Capital assets under lease	Over term of lease

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

WWF-Canada reviews the carrying amounts of its long-lived assets regularly. If the long-lived assets no longer have any long-term service potential to WWF-Canada, the excess of net carrying value is recognized as an expense in the combined statement of operations and changes in fund balances.

(f) Lease, rent expense and deferred lease inducements:

Leases are accounted for as operating leases wherein rental payments are initially recorded in rent expense and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Deferred lease inducements represent cash benefits the organization has received from landlords pursuant to lease agreements. Lease inducements received are amortized over the term of the related lease agreement. The unamortized portion of lease inducements is included in accounts payable and accrued liabilities.

(g) Donated materials and services:

Donated materials and services (donations in-kind other than donated property and equipment) are not recognized in the combined statement of operations and changes in fund balances and the combined statement of specific operating funds and changes in fund balances. Donations of media space, television time and legal services are disclosed in the notes to the combined financial statements at an amount based on the information provided by the respective service providers.

WWF-Canada also benefits from substantial services in the form of volunteer time. As the value of these services cannot be readily determined, they are not recorded in these combined financial statements.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

(h) Foreign currency:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the date of the combined statement of financial position. Revenue and expenses are translated at the rates prevailing at the time of the respective transaction.

(i) Allocation of expenses:

WWF-Canada manages its operations along departmental lines to achieve the greatest effectiveness and productivity. Departments contribute to, and produce output of, more than one function, and support functions provide services to all departments. When presenting the financial results, various allocations are made on an appropriate and consistent basis to reflect the estimated cost of activities contributing to WWF Canada's goals and results.

Actual costs are allocated on the following bases:

(i) Marketing and fundraising expenses:

The marketing and fundraising departments support multiple purposes, including education, raising conservation awareness, footprint reduction and fundraising. Based on the content and the intent of the communication, a portion is allocated to raising conservation awareness.

(ii) Communication expenses:

The communications department is primarily focused on promoting conservation program goals and strategies, messaging and issues. Costs are allocated based on an estimate of time spent.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

3. Significant accounting policies (continued):

(iii) General support expenses:

Human resources costs are allocated based on staff headcount.

Finance and administration and information technology costs are allocated based on an estimate of the level of services rendered to support conservation and fundraising.

Facilities and infrastructure costs are allocated based on an estimate of the square footage used by each function. General management costs are based on an estimate of time spent.

(j) Use of estimates:

The preparation of combined financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the combined financial statements and revenue and expenses during the reporting year. Actual results could differ from those estimates.

4. Investments:

	2020	2019
Fixed income securities ⁽ⁱ⁾	\$ 13,392	\$ 13,034
Equity shares	10,043	9,666
Equity pooled funds	1,480	1,298
	\$ 24,915	\$ 23,998

⁽ⁱ⁾ Fixed income securities consist of bonds and money market instruments. As at June 30, 2020, the maturity dates of these securities ranged between July 2020 and December 2051 (2019 - July 2019 and December 2108), with interest rates varying between 0.95% and 6.74% (2019 - 1.00% and 7.40%).

As at June 30, 2020, there was \$5,564 (2019 - \$6,279) in Canadian dollars included in investments, which will be settled in U.S. dollars.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

5. Related party transactions:

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The WWF family is related, as its members are under common significant influence through their relationship with World Wide Fund for Nature International ("WWF International").

During the year, WWF-Canada received funding for various projects from WWF family members, as shown below. The related disbursements are recorded as grants or program implementation expenses.

	2020	2019
International	\$ 94	\$ 55
United Kingdom	427	409
United States	766	201
Netherlands	341	332
Sweden	366	283
Other	88	78
	\$ 2,082	\$ 1,358

As a result of the National Organization Agreement between the Fund and WWF International dated June 6, 1995, a fee is paid by the Fund to WWF International, headquartered in Gland, Switzerland, for services and benefits primarily related to conservation program implementation and awareness. The fee amounted to \$1,782 (2019 - \$1,504), of which \$1,159 (2019 - \$1,113) is included in conservation program implementation and \$623 (2019 - \$391) is included in fundraising and administration.

As at June 30, 2020, the Fund had amounts owed to various WWF family members for project funding and reimbursement expenses amounting to \$522 (2019 - \$48). These amounts are included in accounts payable and accrued liabilities.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2020

6. Property and equipment:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 133	\$ 73	\$ 60	\$ 75
Leasehold improvements	364	122	242	266
Computer software	166	159	7	1
Computer hardware	752	744	8	20
Office equipment	481	200	281	71
Artwork	17	—	17	17
	1,913	1,298	615	450
Capital assets under lease	168	94	74	99
	\$ 2,081	\$ 1,392	\$ 689	\$ 549

During the year, fully amortized assets no longer in use with an original cost of nil (2019 - \$1,486) were written off.

7. Obligation under capital leases:

Certain computer hardware was acquired under a capital lease. Capital lease repayments are due as follows:

2021	\$ 49
2022	23
2023	18
Total minimum lease payments	90
Less amount representing interest at rates ranging from 6.9% to 8.8%	14
Present value of capital lease payments	76
Less current portion of obligations under capital lease	49
Long-term obligations under capital leases	\$ 27

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Year ended June 30, 2020

8. Fund balances:

(a) At year end, the restricted fund balance comprised the following:

			2020	2019
	Signature Fund	Canadian Conservation Trust	Total	Total
Internal	\$ 201	\$ 3,805	\$ 4,006	\$ 3,885
External	368	–	368	368
	\$ 569	\$ 3,805	\$ 4,374	\$ 4,253

(b) At year end, the endowment funds balances were as follows:

		Cumulative restricted income		2020	2019
	Capital contributions	Internally	Externally	Total	Total
200 Canadians Trust	\$ 1,139	\$ 1,723	\$ –	\$ 2,862	\$ 2,885
"1001" Nature Trust	1,877	1,762	–	3,639	3,660
Beryl Ivey Fund	2,000	–	672	2,672	1,649
Sharlene Jessup Fund	42	–	41	83	84
Brocklehurst-Jourard Education Fund	1,036	–	357	1,393	1,404
The Kenneth M. Molson Fund for Endangered Birds	110	–	150	260	262
The Sobey Fund for Oceans	500	–	242	742	755
	\$ 6,704	\$ 3,485	\$ 1,462	\$ 11,651	\$ 10,699

The funds are invested to produce income and preserve capital. Each year, a payout based on a percentage of the average fair value of the investments for each of the funds for the previous two years is transferred to the operating funds. In 2020, the amount of \$515 (2019 - \$523), approximating 3.6% (2019 - 3.6%), was paid out.

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Notes to Combined Financial Statements (continued)
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8. Fund balances (continued):

(c) Restricted fund:

Restricted fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors or as stipulated in any related fundraising appeal. The details of the fund are:

(i) Canadian Conservation Trust:

This fund was started for a Rainforest Campaign and has been supplemented over the years with unrestricted bequests and capital contributions. Income is available to help offset conservation program costs. The capital can be used for special projects at the discretion of the Board of Directors.

(ii) Signature Fund:

This fund represents money received from WWF International to be made available for building a larger membership base. Income is available to help offset administrative costs of the WWF-Canada. The capital can be used for special fundraising activities at the discretion of the Board of Directors.

(iii) Endowment capital contributions fund comprises the total capital contributions where the endowment principal is to be maintained intact. The details of the fund are:

(a) 200 Canadians Trust:

This permanent endowment represents contributions from individuals concerned about conserving Canada's natural heritage. Income is available to help offset the administration costs of the Fund. Individuals may join only when there are openings by contributing \$5 to the Trust.

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8. Fund balances (continued):

(b) "1001" Nature Trust:

This permanent endowment originated as a WWF International program to further the cause of conservation. Subsequent donations are added to the trust. Income is available to help offset administrative expenses of WWF-Canada.

(c) Beryl Ivey Fund:

The Beryl Ivey Fund was established as a permanent endowment in 2008, with a gift from the estate of long-time WWF-Canada supporter and former Board of Directors member, Beryl Ivey. Income from the fund is directed to the support of conservation projects in the Carolinian Zone of southwestern Ontario. WWF-Canada received an additional \$1,000 endowment to the Beryl Ivey Fund during the fiscal year 2020.

(d) Sharlene Jessup Fund:

The Sharlene Jessup Fund for a Living Planet was established as a permanent endowment in 2006. Income from this fund supports the conservation work of WWF-Canada.

(e) Brocklehurst-Jourard Education Fund:

This fund represents a donation from the estate of Madlyn Anne Brocklehurst-Jourard set up as a permanent endowment, which provides income to be contributed to the WWF-Canada Education Program. This program is for children aged 4 to 14 and concentrates on protection and preservation of wildlife and wildlife habitat.

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Notes to Combined Financial Statements (continued)
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8. Fund balances (continued):

(f) The Kenneth M. Molson Fund for Endangered Birds:

This permanent endowment was established in 1997 and received annual contributions for five years through to 2001. Further monies were contributed through a 50% match from WWF-Canada. Income is available for endangered bird projects.

(g) The Sobey Fund for Oceans:

The Sobey Fund for Oceans was established as a permanent endowment in 2011, with a donation from the Donald R. Sobey Foundation. Income from this fund is used to support the Oceans Program, Atlantic Region of WWF-Canada and focuses on harnessing leadership and innovation for the sustainable use of our oceans. Specifically, the income provides opportunities for students to gain work experience at WWF-Canada and, in collaboration with Dalhousie University, ocean conservation scholarships.

(iv) Endowment cumulative restricted income fund:

Endowment cumulative restricted income fund comprises cumulative undistributed net investment income on the endowment capital contributions, including both externally restricted income reflective of the original restrictions of the endowment or internally restricted by the Board of Directors.

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Year ended June 30, 2020

9. Donations in-kind:

WWF-Canada received donations of media space and television time in support of its conservation programs, as well as donations of legal services throughout the year. The approximate value of these donations, based on the information provided by the respective service providers, which are not recorded in the combined statement of operations and changes in fund balances and combined statement of specific operating funds and changes in fund balances, are as follows:

	2020	2019
Raising awareness	\$ -	\$ 350
Fundraising and administration	2,181	2,587

During the year, donations for legal services provided amounted to \$19 (2019 - \$11).

10. Allocation of expenses:

When presenting the financial results, various allocations are made on an appropriate and consistent basis to reflect the estimated cost of activities contributing to WWF Canada's goals and results (see note 3 for allocation basis).

The fundraising and administration expenses reported in the combined statement of operations and changes in fund balances are reported after the following allocations:

	2020	2019
Marketing and communication costs allocated to raising awareness	\$ 4,318	\$ 3,947
General support costs allocated to program implementation	1,014	931

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11. Fundraising and administration:

Fundraising and administration expenses comprise fundraising expenses of \$4,826 (2019 - \$5,522) and administration expenses of \$1,235 (2019 - \$1,119).

12. Commitments:

WWF-Canada leases office equipment and premises under the terms of various operating lease agreements. Future annual payments under agreements are as follows:

2021	\$	637
2022		563
2023		559
2024		364
2025		309
Thereafter		1,392
		<hr/>
	\$	3,824

13. Transactions with Board members:

The directors of WWF-Canada receive no remuneration from WWF-Canada as a result of their roles as a member of the Board of Directors ("Board members").

In addition, WWF-Canada has not made any payment for products or services to Board members or companies in which a Board member is an owner or partner.

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14. Financial risks:

(a) Investment risk management:

WWF-Canada invests in fixed income securities, equity shares and equity pooled funds. The investment managers of WWF-Canada must adhere to the investment policies governing these investments, which are monitored by the Audit, Finance and Investment Committee. WWF-Canada's investing activities expose it to a variety of risks: market risk (including currency risk, interest rate risk and other price risk); credit risk and liquidity risk.

(b) Market risk:

WWF-Canada's investments are susceptible to market risk, which is defined as the risk 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: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(ii) Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(iii) Other price risk:

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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Notes to Combined Financial Statements (continued)
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Year ended June 30, 2020

14. Financial risks (continued):

WWF-Canada manages its market risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies.

(c) Credit risk:

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation and arises from WWF-Canada's cash and accounts receivable. WWF-Canada views the risk in this area to be insignificant given the counterparties involved.

(d) Liquidity risk:

Liquidity risk is the risk WWF-Canada may be unable to meet obligations in a timely manner. This risk is managed through the WWF-Canada's ongoing monitoring of cash flow requirements and by ensuring the investment manager is able to close out market positions in order to meet the liquidity requirements of the WWF-Canada.

There is no change in risk exposure for WWF-Canada from 2019.

15. Subsequent event:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our operations is not known at this time. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption in Canada to our fundraising efforts including but not limited to the annual CN Tower Climb, and our door to door fundraising. Our conservation efforts have also been impacted by travel restrictions including cancelled workshops, and in-person meetings. The closure of science labs has impacted certain conservation projects. These emergency measures and economic impacts could include potential future decreases in donations and income.

