

INTERNATIONAL CONSERVATION FUND OF CANADA
Financial Statements
Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Conservation Fund of Canada

We have audited the accompanying financial statements of International Conservation Fund of Canada, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flow 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

Independent Auditor's Report to the Members of International Conservation Fund of Canada *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Conservation Fund of Canada as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Bridgewater, Nova Scotia
June 1, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Statement of Financial Position

December 31, 2017

	2017	2016
ASSETS		
Current		
Cash	\$ 184,445	\$ 89,857
Accounts receivable	878	1,105
HST recoverable	6,624	4,480
Project advances	235,456	343,774
Current portion of loan receivable	89,069	26,850
	516,472	466,066
Loan receivable	68,998	46,988
Unrestricted investments (Note 4)	150,230	337,398
Capital assets (Note 5)	98,409	98,062
Internally restricted cash and investments (Note 10)	3,820,601	3,549,881
	\$ 4,654,710	\$ 4,498,395
LIABILITIES		
Current		
Accounts payable	\$ 18,585	\$ 24,523
Private loan payable (Notes 7, 8)	150,000	-
	168,585	24,523
NET ASSETS		
Unrestricted	665,524	923,991
Internally restricted (Notes 9, 10)	3,820,601	3,549,881
	4,486,125	4,473,872
	\$ 4,654,710	\$ 4,498,395

ON BEHALF OF THE BOARD

Director_____
Director

See accompanying notes to the financial statements

Statement of Operations

Year Ended December 31, 2017

	2017	2016
REVENUE		
Donations - General	\$ 2,071,675	\$ 2,184,925
Donations - Designated	923,720	131,707
	2,995,395	2,316,632
PROJECT EXPENDITURES		
Argentina: Bahia San Antonio	78,625	104,281
Argentina: Hooded Grebe	125,306	76,566
Argentina: Pino Parana	9,464	5,268
Argentina: Rincon Santa Maria	-	14,273
Argentina: Rio Gellegos	81,247	87,781
Bahamas: Pipping Plover Habitat	81,207	49,159
Bangladesh/Myanmar: Spoon-filled sandpiper	41,366	257
Bolivia: Barba Azul Nature Reserve	74,144	20,251
Brazil: Kayapo AFP	655,000	424,264
Brazil: Kayapo IK	265,010	171,243
Cambodia: Marine Conservation Kep	100,894	50,233
Chile: Maullin Shorebirds	44,655	101,107
Cost Rica: ACG Marine Education	14,034	19,100
Costa Rica: ACG Parataxonomists	12,152	10,267
Costa Rica: Osa Peninsula	93,571	-
Ecuador: Antisanilla & Yanacocha Reserves	255	16,064
Ecuador: Buenaventura Reserve	143	13,359
Ecuador: Fundacion Jocotoco Reserves	16,399	-
Equador: Rio Canande Reserve Land Purchase	55,719	-
Guatemala: San Insidro Amphibian Reserve	-	128
India: Annihilation Fisheries	14,733	-
Indonesia: Maleo, Turtles & Bats	158,746	137,063
Indonesia: Sulawesi Anoa & Babirusa	52,870	-
Kenya: Kijabe Forest	21,534	-
Kenya: Laikipia Nature Conservancy	69,113	-
Land acquisition fund	-	160
Madagascar: Red Book Challenge	3,000	-
Mali: Desert Elephants	287,217	340,645
Nepal: Red Panda Project	38,437	-
Nicaragua: El Rosario Turtle Project	15,005	11,282
Other conservation work	69,964	61,591
Panama: Cerro Chucanti Land	71,917	91,750
Peru/Ecuador/Bolivia: Andean Amazon Infrastructure	185,280	68,995
Peru: Los Amigos Conservation Concession	79,977	67,694
South America: Shorebird Coordinator	77,081	52,682
Vietnam: Mekong Cranes	8,912	-
Vietnam: Sarus Cranes	-	7,328
Western Hemispheric Shorebird Group	2,574	-
	2,905,551	2,002,791
NET SURPLUS BEFORE OPERATIONAL EXPENDITURES	89,844	313,841

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See accompanying notes to the financial statements

Statement of Operations *(continued)*

Year Ended December 31, 2017

	2017	2016
GENERAL AND ADMINISTRATIVE EXPENDITURES		
Advertising and message promotion	6,914	17,531
Amortization	2,288	1,953
Consultants	-	65,046
Interest and bank charges	3,637	3,484
Investigating Prospective Work	6,153	19,388
Office and administration	22,113	26,249
Rent	5,244	5,244
Salaries and wages	269,404	83,939
Tools & equipment	354	562
Travel and conferences	9,218	14,810
Utilities	7,743	5,990
	333,068	244,196
FUNDRAISING EXPENDITURES		
Advertising and message promo	1,840	6,873
Consultants	1,875	-
Office and administration	-	321
Salaries and wages	5,256	93,358
Transportation and travel	2,239	410
Utilities	-	1,322
	11,210	102,284
NET LOSS FOR THE YEAR FROM OPERATIONS	(254,434)	(32,639)
OTHER INCOME (EXPENSES)		
Investment income	55,786	57,422
Gain on disposal of investments	236,426	144,650
Unrealized gain (loss) on investments	145,731	49,742
Gain (loss) on foreign currency exchange	(171,256)	(93,696)
	266,687	158,118
EXCESS OF REVENUE OVER FUNDRAISING EXPENDITURES FOR THE YEAR	\$ 12,253	\$ 125,479

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2017

	Unrestricted	Internally Restricted	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 923,991	\$ 3,549,881	\$ 4,473,872	\$ 4,348,393
Excess of revenue over fundraising expenditures	(324,040)	336,293	12,253	125,479
Internal transfer <i>(Note 9)</i>	65,573	(65,573)	-	-
NET ASSETS - END OF YEAR	\$ 665,524	\$ 3,820,601	\$ 4,486,125	\$ 4,473,872

See accompanying notes to the financial statements

Statement of Cash Flow
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 12,253	\$ 125,479
Items not affecting cash:		
Amortization of capital assets	2,288	1,953
Gain on disposal of investments	(236,426)	(144,650)
Unrealized gain (loss) on investments	(145,731)	(49,742)
Unrealized foreign exchange on loan receivable	(13,230)	2,283
	(380,846)	(64,677)
Changes in non-cash working capital:		
Accounts receivable	227	(907)
HST recoverable	(2,144)	(3,998)
Project advances	108,318	(144,069)
Prepaid expenses	-	2,361
Accounts payable	(5,937)	(5,217)
	100,464	(151,830)
Cash flow used by operating activities	(280,382)	(216,507)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,635)	(1,024)
Advance of loan receivable	(71,000)	-
Cash flow used by investing activities	(73,635)	(1,024)
FINANCING ACTIVITIES		
Proceeds on private loan payable	150,000	-
Proceeds on sale of investments	1,005,319	545,756
Purchase of investments	(706,714)	(754,592)
Cash flow from (used by) financing activities	448,605	(208,836)
INCREASE (DECREASE) IN CASH FLOW	94,588	(426,367)
Cash - beginning of year	89,857	516,224
CASH - END OF YEAR	\$ 184,445	\$ 89,857

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2017

1. DESCRIPTION OF OPERATIONS

The International Conservation Fund of Canada ("ICFC"), is a registered Canadian charity founded in May, 2007, and accordingly is exempt from income taxes. The ICFC's mission is to advance the long-term preservation of nature and biodiversity in the tropics and other priority areas by: furthering the protection of natural ecosystems; countering degradation of natural ecosystems; and promoting the restoration or recovery of natural ecosystems; while seeking ways to involve local communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

International Conservation Fund of Canada follows the deferral method of accounting for contributions. 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.

Unrestricted investment income is recognized as revenue when earned.

Cash

Cash includes amounts on deposit with financial institutions.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported in the statement of operations.

Project advances

The International Conservation Fund of Canada (ICFC) works with field partners (agents) who carry out program activities. Advances of funds are made to agents, with no more than 6 months funding advanced in any installment for projects more than \$10,000. Further payments made after the initial payment are dependent on satisfactory project and financial reports being received from agents. Project expenses are recorded upon receipt of financial reports from the field agent.

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Notes to Financial Statements
Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Equipment	5 years
Computer equipment	5 years

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Donated assets

Donated assets are recorded at their fair market value at the time of the donation.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash, accounts receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and private loan payable.

Financial assets measured at fair value include marketable securities.

3. LOAN RECEIVABLE

	2017	2016
Fundacion - Tapon Creek	\$ 68,998	\$ 73,838
WILD Foundation - Mali Desert Elephants	89,069	-
Subtotal	158,067	73,838
Current portion of loan receivable	(89,069)	(26,850)
	\$ 68,998	\$ 46,988

Notes to Financial Statements

Year Ended December 31, 2017

4. UNRESTRICTED INVESTMENTS

	2017	2016
Canadian Investment portfolio	\$ 150,166	\$ 422
US Investment portfolio (USD - \$51; 2016 - \$251,006)	64	336,976
	\$ 150,230	\$ 337,398

Unrestricted investments are in various Canadian and US equities and mutual funds held through TD Waterhouse. These investments are professionally managed by the Private Investment Counsel and are recorded at market value.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Interest in land	\$ 93,152	\$ -	\$ 93,152	\$ 93,152
Equipment	3,175	3,057	118	236
Computer equipment	13,866	8,727	5,139	4,674
	\$ 110,193	\$ 11,784	\$ 98,409	\$ 98,062

Interest in land represents 3 hectares and conservation easements over 2,576 hectares of land in Guatemala, and mortgages in Ecuador and Bolivia with conservation covenants.

6. RESTRICTED CASH AND INVESTMENTS

	2017	2016
Cash	\$ 54,156	\$ 23,507
Canadian Investment portfolio	1,356,015	1,407,991
US Investment portfolio (USD - \$1,921,427; 2016 - \$1,577,939)	2,410,430	2,118,383
	\$ 3,820,601	\$ 3,549,881

Restricted investments are in various Canadian and US equities and mutual funds held through TD Waterhouse. These investments are professionally managed by the Private Investment Counsel and are recorded at market value.

7. PRIVATE LOAN PAYABLE

Private loan of \$150,000 payable to a Director of the ICFC Board of Directors. The loan is non-interest bearing and has no set terms of repayment.

8. SUBSEQUENT EVENT

Subsequent to yearend, the private loan payable was forgiven and converted to a charitable donation.

Notes to Financial Statements

Year Ended December 31, 2017

9. INTERNALLY RESTRICTED NET ASSETS

Details of changes in net assets for internally restricted purposes are as follows:

	ACG Parataxonomist	Los Amigos Conservation Concession	Land Acquisitions	TOTAL
Year ended December 31, 2017				
Net assets - beginning of year	\$ 2,039,296	\$ 1,487,078	\$ 23,507	\$ 3,549,881
Revenue over expenses for the year	189,129	116,515	30,649	336,293
Transfer to unrestricted net assets	-	(65,573)	-	(65,573)
	\$ 2,228,425	\$ 1,538,020	\$ 54,156	\$ 3,820,601
Year ended December 31, 2016				
Net assets - beginning of year	\$ 1,949,345	\$ 1,482,701	\$ 21,250	\$ 3,453,296
Revenue over expenses for the year	89,951	4,377	2,257	96,585
	\$ 2,039,296	\$ 1,487,078	\$ 23,507	\$ 3,549,881

During the year, the Board of Directors transferred \$65,573 (2016 - \$Nil) to unrestricted net assets to be used for general operations.

10. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted cash and investments for the following purposes:

	2017	2016
ACG Parataxonomist	\$ 2,228,425	\$ 2,039,296
Los Amigos Conservation Concession	1,538,020	1,487,078
Land Acquisitions	54,156	23,507
	\$ 3,820,601	\$ 3,549,881

Investments related to the ACG Parataxonomist are restricted for the purpose of supporting and implementing conservation in the Area de Conservacion Guancaste, Costa Rica. Investments related to Los Amigos Conservation Concession are restricted for the purpose of funding activities and staff positions to provide conservation stewardship of the Los Amigos Conservation Concession, Peru. Cash for land acquisitions is restricted for the purpose of purchasing land for various conservation activities.

11. FINANCIAL INSTRUMENTS

The ICFC is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the ICFC's risk exposure and concentration as of December 31, 2017.

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Notes to Financial Statements

Year Ended December 31, 2017

11. FINANCIAL INSTRUMENTS (continued)

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: currency rate risk, interest rate risk and other price risk. The ICFC is mainly exposed to market risk from all three sources.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The ICFC is exposed to foreign currency exchange risk on cash, investments and loans receivable held in U.S. Dollars, Brazilian Real, Pesos and Bolivian Boliviano. The ICFC does not use derivative instruments to reduce its exposure to foreign currency risk.

	2017	2016
Cash	\$ 149,083	\$ 26,575
Accounts receivable	878	671
Project advances	233,225	343,774
Accounts payable	2,174	13,847
Loans receivable	158,067	73,838
Investments	2,410,493	2,455,359
	\$ 2,953,920	\$ 2,914,064

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the ICFC manages exposure through its normal operating activities. The ICFC has no external bank debt and risk of exposure to interest rate fluctuations is minimal.

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 currency 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. The ICFC is exposed to other price risk through its investments in quoted shares and mutual funds with TD Waterhouse.