

INTERNATIONAL CONSERVATION FUND OF CANADA
Financial Statements
Year Ended December 31, 2021

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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Conservation Fund of Canada

Opinion

We have audited the financial statements of International Conservation Fund of Canada (ICFC), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ICFC as at December 31, 2021, 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.

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 are independent of ICFC 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 ICFC's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate ICFC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ICFC'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 ICFC'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 ICFC'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 ICFC 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.

Bridgewater, Nova Scotia
May 27, 2022

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

Statement of Financial Position


December 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 634,028	\$ 948,997
Accounts receivable	13,146	5
HST recoverable	14,953	9,151
Prepaid expenses	825	-
Project advances	861,843	654,384
	1,524,795	1,612,537
Unrestricted investments (Note 3)	1,776,245	174
Capital assets (Note 4)	96,521	97,838
Internally restricted cash and investments (Notes 5, 6)	7,139,587	5,366,325
	\$ 10,537,148	\$ 7,076,874
LIABILITIES		
Current		
Accounts payable	\$ 79,419	\$ 73,055
NET ASSETS		
General fund	3,318,142	1,637,494
Restricted fund (Note 6)	7,139,587	5,366,325
	10,457,729	7,003,819
	\$ 10,537,148	\$ 7,076,874

ON BEHALF OF THE BOARD

Tom Welch

Director



Director

See accompanying notes to the financial statements

Statement of Revenues and Expenditures

Year Ended December 31, 2021

	2021	2020
REVENUE		
Donations - General	\$ 6,426,008	\$ 3,434,124
Donations - Designated	3,483,320	2,887,876
	9,909,328	6,322,000
OTHER INCOME (EXPENSES)		
Investment income	178,045	195,423
Gains (losses) on disposal of investments	315,332	46,765
Unrealized gain (loss) on investments	(365,231)	178,193
Gain (loss) on foreign currency exchange	(17,651)	(156,097)
	110,495	264,284
TOTAL REVENUE	10,019,823	6,586,284
PROJECT EXPENDITURES (Schedule 1)	6,134,093	5,389,089
GENERAL AND ADMINISTRATIVE EXPENDITURES		
Advertising and message promotion	2,450	11,104
Amortization	3,690	2,023
Interest and bank charges	8,066	5,496
Investigating prospective work	7,903	10,733
Office and administration	33,187	28,222
Rent	5,244	5,244
Salaries and wages	248,196	249,976
Travel and conferences	35	-
Utilities	7,705	8,310
	316,476	321,108
FUNDRAISING EXPENDITURES		
Advertising and promotion	23,124	75,685
Consultants	41,624	12,487
Donor trip expenses	-	8,070
Office and administration	-	634
Salaries and wages	50,596	37,593
Transportation and travel	-	6,422
	115,344	140,891
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 3,453,910	\$ 735,196

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2021

	General Fund	Restricted Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 1,637,494	\$ 5,366,325	\$ 7,003,819	\$ 6,268,623
Excess of revenue over expenditures for the year	2,708,215	745,695	3,453,910	735,196
Internal transfer <i>(Note 6)</i>	(1,027,567)	1,027,567	-	-
NET ASSETS - END OF YEAR	\$ 3,318,142	\$ 7,139,587	\$ 10,457,729	\$ 7,003,819

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 3,453,910	\$ 735,196
Items not affecting cash:		
Amortization of capital assets	3,690	2,023
Gain on disposal of investments	(315,332)	(46,765)
Unrealized gain (loss) on investments	365,231	(178,193)
	3,507,499	512,261
Changes in non-cash working capital:		
Accounts receivable	(13,141)	105,342
HST recoverable	(5,802)	(3,578)
Project advances	(207,459)	(62,046)
Prepaid expenses	(825)	-
Accounts payable	6,366	(242,456)
Deferred income	-	(3,000)
	(220,861)	(205,738)
Cash flow from operating activities	3,286,638	306,523
INVESTING ACTIVITY		
Purchase of capital assets	(2,373)	(1,186)
FINANCING ACTIVITIES		
Proceeds on sale of investments	2,490,279	962,833
Purchase of investments	(6,089,513)	(1,299,793)
Cash flow used by financing activities	(3,599,234)	(336,960)
DECREASE IN CASH FLOW	(314,969)	(31,623)
Cash - beginning of year	948,997	980,620
CASH - END OF YEAR	\$ 634,028	\$ 948,997

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2021

1. DESCRIPTION OF OPERATIONS

The International Conservation Fund of Canada ("ICFC"), is a registered Canadian charity founded in April, 2007, and accordingly is exempt from income taxes. 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. 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 who carry out program activities. Advances of funds are made to field partners, 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 field partners. Project expenses are recorded upon receipt of financial reports from the field partners.

(continues)

Notes to Financial Statements

Year Ended December 31, 2021

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 and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and deferred income.

Financial assets measured at fair value include marketable securities.

3. UNRESTRICTED INVESTMENTS

	2021	2020
Canadian Investment portfolio	\$ 1,726,279	\$ 57
US Investment portfolio (USD - \$39,411; 2020 - \$92)	49,966	117
	\$ 1,776,245	\$ 174

Unrestricted investments are in various Canadian and US equities and mutual funds held through TD Waterhouse.

Notes to Financial Statements
Year Ended December 31, 2021

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Interest in land	\$ 93,152	\$ -	\$ 93,152	\$ 93,152
Equipment	3,175	3,174	1	1
Computer equipment	17,825	14,457	3,368	4,685
	\$ 114,152	\$ 17,631	\$ 96,521	\$ 97,838

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.

5. RESTRICTED CASH AND INVESTMENTS

	2021	2020
Canadian Investment portfolio	\$ 3,462,237	\$ 2,123,560
US Investment portfolio (USD - \$2,900,576; 2020 - \$2,546,961)	3,677,350	3,242,765
	\$ 7,139,587	\$ 5,366,325

Restricted investments are in various Canadian and US equities and mutual funds held through TD Waterhouse and Peregrine Investment Management. These investments are professionally managed by the Private Investment Counsel and Peregrine and are recorded at market value except for a \$625,000 investment in a wind project, which is a private company.

6. INTERNALLY RESTRICTED NET ASSETS

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

	2021	2020
ACG Parataxonomist Fund	\$ 2,859,402	\$ 2,545,815
Los Amigos Conservation Concession Fund	1,848,981	1,643,630
Poon Trust Fund	598,388	519,688
Administration Fund	801,297	657,192
Jocotoco Fund	1,031,519	-
	\$ 7,139,587	\$ 5,366,325

Investments related to the ACG Parataxonomist Fund 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 Fund are restricted for the purpose of funding activities and staff positions to provide conservation stewardship of the Los Amigos Conservation Concession, Peru. Investments related to the Poon Trust Fund are restricted for the purpose of providing support to private tropical reserves. Income from the Administration Fund is restricted to supporting staffing and administration expenses. Investments related to the Jocotoco Fund are restricted for the purpose of supporting the Fundación de Conservación Jocotoco in Ecuador.

During the year, ICFC transferred \$39,792 (2020 - \$177,031) to unrestricted net assets to be used for general operations. During the year, ICFC transferred \$1,067,359 (2020 - \$562,500) from general operations to restricted net assets.

Notes to Financial Statements
Year Ended December 31, 2021

7. FINANCIAL INSTRUMENTS

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 ICFC's risk exposure and concentration as of December 31, 2021.

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. ICFC is mainly exposed to market risk from all three sources.

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, ICFC manages exposure through its normal operating activities. ICFC has no external bank debt and risk of exposure to interest rate fluctuations is minimal.

Currency risk

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

	2021	2020
Cash	\$ 186,595	\$ 534,470
Accounts receivable	3,163	-
Project advances	774,004	650,914
Accounts payable	-	20,836
Investments	3,727,316	3,242,882
	\$ 4,691,078	\$ 4,449,102

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

Notes to Financial Statements

Year Ended December 31, 2021

8. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic due to the outbreak of COVID-19. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the ICFC in future periods. To date, the ICFC has not had to revise judgements, estimates or assumptions nor has the pandemic had any material impact on the ICFC's liquidity, credit or business risks.

PROJECT EXPENDITURES

(Schedule 1)

Year Ended December 31, 2021

	2021	2020
EXPENDITURES		
Argentina: Bahia de San Antonio	\$ 3,884	\$ 49,983
Argentina: Hooded Grebe	69,857	80,614
Argentina: Mar Chiquita's Wetlands	-	29,835
Bahamas: Piping Plover	10,898	42,234
Bahamas: Salinas Long Is. Restoration	27,454	-
Belize: Land Acquisition for the Maya Forest Corridor	632,694	-
Bolivia: Barba Azul Nature Reserve	20,702	40,118
Brazil: Kayapo Project	1,761,450	1,663,256
Cambodia: Marine Conservation Kep	178,431	194,037
Chile/Argentina Red Knot Survey	-	8,500
Chile: Maullin Shorebirds	88,229	65,828
Costa Rica: ACG Marine Education & Parataxonomists	99,061	98,220
Costa Rica: Osa Corcovado	2,033	121,268
Costa Rica: Osa Safer	173,980	185,819
Costa Rica: Osa Safer Youth Nature Program	68,993	18
DRC: Grauer's Gorilla Conservation	220,189	307,245
Ecuador: Choco Land Acquisition	347,597	11,599
Ecuador: FCAT Reserve	279,921	-
French Polynesia: Imperiled Birds	46,061	8,638
Ghana Togo Slippery Frog	488	30,648
Indonesia: Sulawesi Wildlife	202,053	238,052
Kenya: Kijabe Forest	82,183	79,814
Kenya: Laikipia Nature Conservancy	217,942	183,969
Madagascar: Rabondro Reserve	118,162	1,027
Malawi: Fish for Tomorrow	201,232	59,904
Mali: Desert Elephants	348,333	312,037
Mozambique: Sky Island Conservation	64,251	38,429
Nepal: Koshi Tappu Land Acquisition	-	795,445
Nepal: Koshi Tappu Wetlands	72,651	60,041
Nepal: Red Panda Project	30,102	63,013
Nepal: Snow Leopard	59,401	60,264
Nicaragua: Turtle Projects	60,528	36,391
Panama: Cerro Chucanti Reserve	9,262	-
Panama: Majé Mountains Indigenous-led conservation	30,492	-
Peru: Andean Amazon Deforestation Monitoring	196,881	181,021
Peru: Los Amigos Conservation Concession	78,077	90,854
South Africa: Rhino Conservation	39,650	94,936
South America: Shorebird Coordinator	1,942	51,066
Southeast Asia: Spoon-billed sandpiper	96,940	83,747
Small Projects (Argentina, Colombia, DRC, Ecuador, Guatemala, Kenya, Mexico, Nicaragua, Peru)	108,315	20,802
Rainforest Trust-led Projects	83,774	417
	\$ 6,134,093	\$ 5,389,089