

INTERNATIONAL CONSERVATION FUND OF CANADA
Financial Statements
Year Ended December 31, 2018

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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 (the ICFC), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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 the ICFC as at December 31, 2018, 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 the 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 the 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 the ICFC or to cease operations, or has no realistic alternative but to do so.

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

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

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 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 the 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 the 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 24, 2019

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Statement of Financial Position

December 31, 2018

	2018	2017
ASSETS		
Current		
Cash	\$ 396,828	\$ 184,445
Accounts receivable	556	878
HST recoverable	4,949	6,624
Prepaid expenses	10,927	-
Project advances	222,100	235,456
Current portion of loan receivable (Note 3)	-	89,069
	635,360	516,472
Loan receivable (Note 3)	-	68,998
Unrestricted investments (Note 4)	1,172	150,230
Capital assets (Note 5)	100,575	98,409
Internally restricted cash and investments (Notes 6, 8)	4,347,883	3,820,601
	\$ 5,084,990	\$ 4,654,710
LIABILITIES		
Current		
Accounts payable	\$ 31,716	\$ 18,585
Private loan payable (Note 7)	-	150,000
Deferred income	26,981	-
	58,697	168,585
NET ASSETS		
Unrestricted	678,410	665,524
Internally restricted (Note 8)	4,347,883	3,820,601
	5,026,293	4,486,125
	\$ 5,084,990	\$ 4,654,710

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to the financial statements

Statement of Operations
Year Ended December 31, 2018

	2018	2017
REVENUE		
Donations - General	\$ 3,256,220	\$ 2,071,675
Donations - Designated	1,033,066	923,720
	4,289,286	2,995,395
OTHER INCOME (EXPENSES)		
Investment income	57,359	55,786
Gains (losses) on disposal of investments	117,251	236,426
Unrealized gain (loss) on investments	(258,171)	145,731
Gain (loss) on foreign currency exchange	152,472	(171,256)
Total Revenue	\$ 4,358,197	\$ 3,262,082

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See accompanying notes to the financial statements

Statement of Operations (continued)

Year Ended December 31, 2018

	2018	2017
PROJECT EXPENDITURES		
Argentina: Bahia San Antonio	56,144	78,625
Argentina: Hooded Grebe	68,259	125,306
Argentina: Pino Parana	8,579	9,464
Argentina: Rincon Santa Maria	7,108	6,489
Argentina: Rio Gallegos	50,486	74,758
Bahamas: Piping Plover	78,621	81,207
Bangladesh/Myanmar/China: Spoon-billed sandpiper	69,431	41,366
Belize: Land Acquisition for Central Corridor	33,061	-
Bolivia: Barba Azul Nature Reserve	64,633	74,144
Bolivia: Laney Rickman Reserve	37,057	-
Brazil: Kayapo AFP	677,764	655,000
Brazil: Kayapo IK	241,935	265,010
Cambodia: Marine Conservation Kep	86,619	100,894
Chile: Maullin Shorebirds	36,050	44,655
Cost Rica: ACG Marine Education	20,048	14,034
Costa Rica: ACG Parataxonomists	44,555	12,152
Costa Rica: OSA SAFER	52,218	-
Costa Rica: Osa Corcovado	136,245	93,571
Ecuador: Fundacion Jocotoco Reserves	5,927	16,797
Equador: Rio Canande Reserve Land Purchase	145,324	55,719
Guatemala: Tapon Creek Reserve	75,031	-
India: Annihilation Fisheries	-	14,734
Indonesia: Sulawesi Wildlife	212,311	211,615
Kenya: Kijabe Forest	75,111	21,534
Kenya: Laikipia Nature Conservancy	89,362	69,113
Madagascar: Red Book Challenge	1,763	3,000
Mali: Desert Elephants	315,420	287,217
Mozambique: Mount Namuli Conservation	8,009	-
Nepal: Kachenjunga/Papung-Snow Leopard	75,237	-
Nepal: Koshi Tappu Wetlands	105,437	-
Nepal: Red Panda Project	14,331	38,437
Nicaragua: El Rosario Turtle Project	10,355	15,005
Panama: Cerro Chucanti Land	154,901	71,917
Peru: Andean Amazon Deforestation Monitoring	173,867	185,280
Peru: Los Amigos Conservation Concession	80,353	79,977
Rainforest Trust Projects	98,276	69,964
South America: Shorebird Coordinator	53,688	77,081
Vietnam: Mekong Cranes	-	8,912
Western Hemispheric Shorebird Group	-	2,574
	3,463,516	2,905,551
NET SURPLUS BEFORE OPERATIONAL EXPENDITURES	894,681	356,531

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See accompanying notes to the financial statements

Statement of Operations (continued)

Year Ended December 31, 2018

	2018	2017
GENERAL AND ADMINISTRATIVE EXPENDITURES		
Advertising and message promotion	3,899	6,914
Amortization	3,376	2,288
Interest and bank charges	5,433	3,637
Investigating Prospective Work	8,656	6,153
Office and administration	19,602	22,113
Rent	5,244	5,244
Salaries and wages	276,829	269,404
Tools & equipment	-	354
Travel and conferences	11,690	9,218
Utilities	9,163	7,743
	343,892	333,068
FUNDRAISING EXPENDITURES		
Advertising and message promo	268	1,840
Consultants	-	1,875
Salaries and wages	10,353	5,256
Transportation and travel	-	2,239
	10,621	11,210
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 540,168	\$ 12,253

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2018

	Unrestricted	Internally Restricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 665,524	\$ 3,820,601	\$ 4,486,125	\$ 4,473,872
Excess of revenue over expenditures	489,309	50,859	540,168	12,253
Internal transfer <i>(Note 8)</i>	(476,423)	476,423	-	-
NET ASSETS - END OF YEAR	\$ 678,410	\$ 4,347,883	\$ 5,026,293	\$ 4,486,125

See accompanying notes to the financial statements

Statement of Cash Flow
Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 540,168	\$ 12,253
Items not affecting cash:		
Amortization of capital assets	3,376	2,288
Gain on disposal of investments	(117,251)	(236,426)
Unrealized gain (loss) on investments	258,171	(145,731)
Unrealized foreign exchange on loan receivable	-	(13,230)
	684,464	(380,846)
Changes in non-cash working capital:		
Accounts receivable	322	227
HST recoverable	1,675	(2,144)
Project advances	13,356	108,318
Prepaid expenses	(10,927)	-
Accounts payable	13,131	(5,937)
Deferred income	26,981	-
	44,538	100,464
Cash flow from (used by) operating activities	729,002	(280,382)
INVESTING ACTIVITIES		
Purchase of capital assets	(5,618)	(2,635)
Advance of loan receivable	-	(71,000)
Cash flow used by investing activities	(5,618)	(73,635)
FINANCING ACTIVITIES		
Proceeds (forgiveness) on private loan payable	(150,000)	150,000
Proceeds on sale of investments	339,383	1,005,319
Purchase of investments	(700,384)	(706,714)
Cash flow from (used by) financing activities	(511,001)	448,605
INCREASE IN CASH FLOW	212,383	94,588
Cash - beginning of year	184,445	89,857
CASH - END OF YEAR	\$ 396,828	\$ 184,445

See accompanying notes to the financial statements

Notes to Financial Statements
Year Ended December 31, 2018

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 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.

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Notes to Financial Statements
Year Ended December 31, 2018

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

	2018	2017
Fundacion - Tapon Creek - The loan to help purchase Tapon Creek was forgiven and applied against the purchase of this land	\$ -	\$ 68,998
WILD Foundation - Mali Desert Elephants	-	89,069
Subtotal	-	158,067
Current portion of loan receivable	-	(89,069)
	\$ -	\$ 68,998

Notes to Financial Statements
Year Ended December 31, 2018

4. UNRESTRICTED INVESTMENTS	2018		2017	
Canadian Investment portfolio	\$	1,162	\$	150,031
US Investment portfolio (USD - \$7; 2017 - \$51)		10		64
	\$	1,172	\$	150,095

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		2018 Net book value		2017 Net book value	
Interest in land	\$	93,152	\$	-	\$	93,152
Equipment		3,175		3,174		118
Computer equipment		19,408		11,986		5,139
	\$	115,735	\$	15,160	\$	100,575
					\$	98,409

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	2018		2017	
Cash	\$	65,884	\$	54,156
Canadian Investment portfolio		1,850,149		1,356,150
US Investment portfolio (USD - \$1,782,620; 2017 - \$1,921,427)		2,431,850		2,410,430
	\$	4,347,883	\$	3,820,736

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 except for a \$500,000 investment in a wind project, which is a private company.

7. PRIVATE LOAN PAYABLE

Private loan of \$150,000 was forgiven in exchange for a donation receipt in the current year, and has been written off and allocated to donation revenues.

Notes to Financial Statements
Year Ended December 31, 2018

8. INTERNALLY RESTRICTED NET ASSETS

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

	2018	2017
ACG Parataxonomist	\$ 2,222,841	\$ 2,228,425
Los Amigos Conservation Concession	1,519,009	1,538,020
Land Acquisitions	65,885	54,156
Administration Fund	540,148	-
	\$ 4,347,883	\$ 3,820,601

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. Income from the Administration Fund is restricted to supporting staffing and administration expenses.

During the year, the ICFC transferred \$64,387 (2017 - \$65,573) to unrestricted net assets to be used for general operations. During the year, the ICFC transferred \$540,148 (2017 - \$Nil) from general operations to restricted net assets.

9. 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, 2018.

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.

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.

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Notes to Financial Statements
Year Ended December 31, 2018

9. FINANCIAL INSTRUMENTS (continued)

Currency risk

Currency risk is the risk to the ICFC'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.

	2018	2017
Cash	\$ 92,781	\$ 149,083
Accounts receivable	477	878
Project advances	219,536	233,225
Accounts payable	3,061	2,174
Loans receivable	-	158,067
Investments	2,431,860	2,410,493
	\$ 2,747,715	\$ 2,953,920

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.