

INTERNATIONAL CONSERVATION FUND OF CANADA
Financial Statements
Year Ended December 31, 2019

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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, 2019, 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, 2019, 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 22, 2020

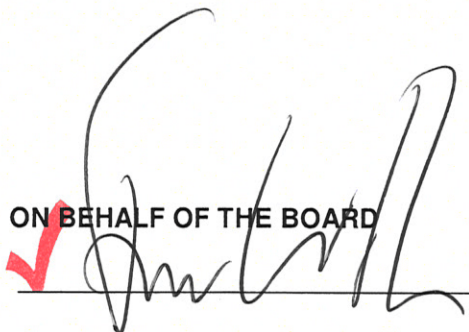
Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

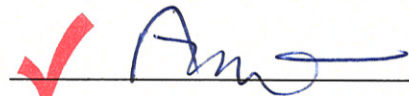
Statement of Financial Position

December 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 980,620	\$ 396,828
Accounts receivable	105,347	556
HST recoverable	5,573	4,949
Prepaid expenses	-	10,927
Project advances	592,338	222,100
	1,683,878	635,360
Unrestricted investments (Note 3)	21,352	1,172
Capital assets (Note 4)	98,675	100,575
Internally restricted cash and investments (Notes 5, 6)	4,783,229	4,347,883
	\$ 6,587,134	\$ 5,084,990
LIABILITIES		
Current		
Accounts payable	\$ 315,511	\$ 31,716
Deferred income	3,000	26,981
	318,511	58,697
NET ASSETS		
General fund	1,485,394	678,410
Restricted fund (Note 6)	4,783,229	4,347,883
	6,268,623	5,026,293
	\$ 6,587,134	\$ 5,084,990

ON BEHALF OF THE BOARD

 Director

 Director

See accompanying notes to the financial statements

Statement of Revenues and Expenditures

Year Ended December 31, 2019

	2019	2018
REVENUE		
Donations - General	\$ 3,730,637	\$ 3,256,220
Donations - Designated	2,491,559	1,033,066
	6,222,196	4,289,286
OTHER INCOME (EXPENSES)		
Investment income	103,285	57,359
Gains (losses) on disposal of investments	257,810	117,251
Unrealized gain (loss) on investments	390,528	(258,171)
Gain (loss) on foreign currency exchange	(236,409)	152,472
	515,214	68,911
TOTAL REVENUE	6,737,410	4,358,197
PROJECT EXPENDITURES (Schedule 1)	5,038,267	3,463,516
GENERAL AND ADMINISTRATIVE EXPENDITURES		
Advertising and message promotion	2,421	3,899
Amortization	2,750	3,376
Interest and bank charges	10,275	5,433
Investigating prospective work	12,274	8,656
Office and administration	24,963	19,602
Rent	5,244	5,244
Salaries and wages	263,560	276,829
Travel and conferences	5,935	11,690
Utilities	8,139	9,163
	335,561	343,892
FUNDRAISING EXPENDITURES		
Advertising and promotion	22,336	268
Consultants	20,000	-
Donor trip expenses	25,800	-
Office and administration	1,965	-
Salaries and wages	50,371	10,353
Transportation and travel	780	-
	121,252	10,621
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 1,242,330	\$ 540,168

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2019

	General Fund	Restricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 678,410	\$ 4,347,883	\$ 5,026,293	\$ 4,486,125
Excess of revenue over expenditures for the year	758,446	483,884	1,242,330	540,168
Internal transfer <i>(Note 6)</i>	48,538	(48,538)	-	-
NET ASSETS - END OF YEAR	\$ 1,485,394	\$ 4,783,229	\$ 6,268,623	\$ 5,026,293

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 1,242,330	\$ 540,168
Items not affecting cash:		
Amortization of capital assets	2,750	3,376
Gain on disposal of investments	(257,810)	(117,251)
Unrealized gain (loss) on investments	(390,528)	258,171
	596,742	684,464
Changes in non-cash working capital:		
Accounts receivable	(104,791)	322
HST recoverable	(624)	1,675
Project advances	(370,238)	13,356
Prepaid expenses	10,927	(10,927)
Accounts payable	283,796	13,131
Deferred income	(23,981)	26,981
	(204,911)	44,538
Cash flow from operating activities	391,831	729,002
INVESTING ACTIVITY		
Purchase of capital assets	(849)	(5,618)
FINANCING ACTIVITIES		
Proceeds (forgiveness) on private loan payable	-	(150,000)
Proceeds on sale of investments	727,001	339,383
Purchase of investments	(534,191)	(700,384)
Cash flow from (used by) financing activities	192,810	(511,001)
INCREASE IN CASH FLOW	583,792	212,383
Cash - beginning of year	396,828	184,445
CASH - END OF YEAR	\$ 980,620	\$ 396,828

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2019

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. 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.

(continues)

Notes to Financial Statements

Year Ended December 31, 2019

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

	2019	2018
Canadian Investment portfolio	\$ 19,407	\$ 1,162
US Investment portfolio (USD - \$1,497; 2018 - \$7)	1,945	10
	\$ 21,352	\$ 1,172

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

Notes to Financial Statements

Year Ended December 31, 2019

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Interest in land	\$ 93,152	\$ -	\$ 93,152	\$ 93,152
Equipment	3,175	3,174	1	1
Computer equipment	20,257	14,735	5,522	7,422
	\$ 116,584	\$ 17,909	\$ 98,675	\$ 100,575

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

	2019	2018
Cash	\$ -	\$ 65,884
Canadian Investment portfolio	2,059,142	1,850,149
US Investment portfolio (USD - \$2,097,387; 2018 - \$1,782,602)	2,724,087	2,431,850
	\$ 4,783,229	\$ 4,347,883

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.

6. INTERNALLY RESTRICTED NET ASSETS

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

	2019	2018
ACG Parataxonomist Fund	\$ 2,513,945	\$ 2,222,841
Los Amigos Conservation Concession Fund	1,675,498	1,519,009
Land Acquisitions	-	65,885
Administration Fund	593,786	540,148
	\$ 4,783,229	\$ 4,347,883

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. 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, ICFC transferred \$98,538 (2018 - \$64,387) to unrestricted net assets to be used for general operations. During the year, ICFC transferred \$50,000 (2018 - \$540,148) from general operations to restricted net assets.

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019.

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, Brazilian Real, Pesos and Bolivian Boliviano. ICFC does not use derivative instruments to reduce its exposure to foreign currency risk.

	2019	2018
Cash	\$ 844,950	\$ 92,781
Accounts receivable	104,467	477
Project advances	591,133	219,536
Accounts payable	11,802	3,061
Investments	2,726,032	2,431,860
	\$ 4,278,384	\$ 2,747,715

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, 2019

8. SUBSEQUENT EVENTS

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "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 shutdown. Global equity markets have experienced significant volatility and weakness. 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.

PROJECT EXPENDITURES

(Schedule 1)

Year Ended December 31, 2019

	2019	2018
EXPENDITURES		
Argentina: Bahia de San Antonio	\$ 55,475	\$ 56,144
Argentina: Hooded Grebe	70,355	68,259
Argentina: Pino Parana	7,989	8,579
Argentina: Rincon de Santa Maria	19,835	7,108
Argentina: Rio Gallegos	25,492	50,486
Bahamas: Piping Plover	93,624	78,621
Bangladesh/Myanmar/China: Spoon-billed sandpiper	72,479	69,431
Belize: Land Acquisition for Central Corridor	-	33,061
Bolivia: Barba Azul Nature Reserve	25,828	64,633
Bolivia: Barba Azul Reserve Infrastructure	59,710	-
Bolivia: Laney Rickman Reserve	-	37,057
Brazil: Kayapo AFP	1,311,411	677,764
Brazil: Kayapo IK	281,381	241,935
Cambodia: Marine Conservation Kep	106,790	86,619
Chile: Maullin Shorebirds	87,988	36,050
Communities for Conservation	3,428	-
Costa Rica: ACG Marine Education	18,216	20,048
Costa Rica: ACG Parataxonomists	89,907	44,555
Costa Rica: OSA SAFER	116,512	52,218
Costa Rica: Osa Corcovado	227,223	136,245
Ecuador: Choco Reserve/Choco Land Acquisition	528,288	-
Ecuador: Fundacion Jocotoco Reserves	-	5,927
Ecuador: Jocotoco San Cristobal Island Galapagos	7,500	-
Ecuador: Rio Canande Reserve Land Purchase	-	145,324
French Polynesia: Imperiled Birds	57,253	-
Guatemala: Tapon Creek Reserve	-	75,031
Indonesia: Sulawesi Wildlife	249,556	212,311
Kenya: Kijabe Forest	77,552	75,111
Kenya: Laikipia Nature Conservancy	139,286	89,362
Madagascar: Red Book Challenge	-	1,763
Malawi: Fish for Tomorrow	34,123	-
Mali: Desert Elephants	273,824	315,420
Mozambique: Mount Namuli Conservation	10,599	8,009
Nepal: Kachenjunga/Papung-Snow Leopard	77,674	75,237
Nepal: Koshi Tappu Wetlands	56,010	105,437
Nepal: Red Panda Project	32,953	14,331
Nicaragua: El Rosario Turtle Project	10,116	10,355
Panama: Cerro Chucanti Land	-	154,901
Peru: Andean Amazon Deforestation Monitoring	189,160	173,867
Peru: Los Amigos Conservation Concession	77,460	80,353
Rainforest Trust-led Projects	221,015	98,276
South Africa: Rhino Conservation	253,325	-
South America: Shorebird Coordinator	53,251	53,688
Western Hemispheric Shorebird Group and Baker & Oring Awards	15,679	-
	\$ 5,038,267	\$ 3,463,516