

INTERNATIONAL CONSERVATION FUND OF CANADA
Financial Statements
Year Ended December 31, 2020

	Page
AUDITORS' REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 12
PROJECT EXPENDITURES (<i>Schedule 1</i>)	13

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, 2020, 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, 2020, 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 19, 2021

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 948,997	\$ 980,620
Accounts receivable	5	105,347
HST recoverable	9,151	5,573
Project advances	654,384	592,338
	1,612,537	1,683,878
Unrestricted investments (Note 3)	174	21,352
Capital assets (Note 4)	97,838	98,675
Internally restricted cash and investments (Notes 5, 6)	5,366,325	4,783,229
	\$ 7,076,874	\$ 6,587,134
LIABILITIES		
Current		
Accounts payable	\$ 73,055	\$ 315,511
Deferred income	-	3,000
	73,055	318,511
NET ASSETS		
General fund	1,637,494	1,485,394
Restricted fund (Note 6)	5,366,325	4,783,229
	7,003,819	6,268,623
	\$ 7,076,874	\$ 6,587,134

ON BEHALF OF THE BOARD

_____ Director _____ Director

See accompanying notes to the financial statements

Statement of Revenues and Expenditures

Year Ended December 31, 2020

	2020	2019
REVENUE		
Donations - General	\$ 3,434,123	\$ 3,730,638
Donations - Designated	2,887,876	2,491,559
	6,321,999	6,222,197
OTHER INCOME (EXPENSES)		
Investment income	195,423	103,285
Gains (losses) on disposal of investments	46,765	257,810
Unrealized gain (loss) on investments	178,193	390,528
Gain (loss) on foreign currency exchange	(156,097)	(236,409)
	264,284	515,214
TOTAL REVENUE	6,586,283	6,737,411
PROJECT EXPENDITURES (Schedule 1)	5,389,088	5,038,268
GENERAL AND ADMINISTRATIVE EXPENDITURES		
Advertising and message promotion	11,104	2,421
Amortization	2,023	2,750
Interest and bank charges	5,496	10,275
Investigating prospective work	10,733	12,274
Office and administration	28,222	24,963
Rent	5,244	5,244
Salaries and wages	249,976	263,560
Travel and conferences	-	5,935
Utilities	8,310	8,139
	321,108	335,561
FUNDRAISING EXPENDITURES		
Advertising and promotion	75,685	22,336
Consultants	12,487	20,000
Donor trip expenses	8,070	25,800
Office and administration	634	1,965
Salaries and wages	37,593	50,371
Transportation and travel	6,422	780
	140,891	121,252
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ 735,196	\$ 1,242,330

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2020

	General Fund	Restricted Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 1,485,394	\$ 4,783,229	\$ 6,268,623	\$ 5,026,293
Excess of revenue over expenditures for the year	537,569	197,627	735,196	1,242,330
Internal transfer <i>(Note 6)</i>	(385,469)	385,469	-	-
NET ASSETS - END OF YEAR	\$ 1,637,494	\$ 5,366,325	\$ 7,003,819	\$ 6,268,623

See accompanying notes to the financial statements

Statement of Cash Flow

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 735,196	\$ 1,242,330
Items not affecting cash:		
Amortization of capital assets	2,023	2,750
Gain on disposal of investments	(46,765)	(257,810)
Unrealized gain (loss) on investments	(178,193)	(390,528)
	512,261	596,742
Changes in non-cash working capital:		
Accounts receivable	105,342	(104,791)
HST recoverable	(3,578)	(624)
Project advances	(62,046)	(370,238)
Prepaid expenses	-	10,927
Accounts payable	(242,456)	283,796
Deferred income	(3,000)	(23,981)
	(205,738)	(204,911)
Cash flow from operating activities	306,523	391,831
INVESTING ACTIVITY		
Purchase of capital assets	(1,186)	(849)
FINANCING ACTIVITIES		
Proceeds on sale of investments	962,833	727,001
Purchase of investments	(1,299,793)	(534,191)
Cash flow from (used by) financing activities	(336,960)	192,810
INCREASE (DECREASE) IN CASH FLOW	(31,623)	583,792
Cash - beginning of year	980,620	396,828
CASH - END OF YEAR	\$ 948,997	\$ 980,620

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2020

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, 2020

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

	2020	2019
Canadian Investment portfolio	\$ 57	\$ 19,407
US Investment portfolio (USD - \$92; 2019 - \$1,497)	117	1,945
	\$ 174	\$ 21,352

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

Notes to Financial Statements

Year Ended December 31, 2020

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Interest in land	\$ 93,152	\$ -	\$ 93,152	\$ 93,152
Equipment	3,175	3,174	1	1
Computer equipment	15,452	10,767	4,685	5,522
	\$ 111,779	\$ 13,941	\$ 97,838	\$ 98,675

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

	2020	2019
Canadian Investment portfolio	\$ 2,123,560	\$ 2,059,142
US Investment portfolio (USD - \$2,546,961; 2019 - \$2,097,387)	3,242,765	2,724,087
	\$ 5,366,325	\$ 4,783,229

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:

	2020	2019
ACG Parataxonomist Fund	\$ 2,545,815	\$ 2,513,945
Los Amigos Conservation Concession Fund	1,643,630	1,675,498
Poon Trust Fund	519,688	-
Administration Fund	657,192	593,786
	\$ 5,366,325	\$ 4,783,229

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.

During the year, ICFC transferred \$177,031 (2019 - \$98,538) to unrestricted net assets to be used for general operations. During the year, ICFC transferred \$562,500 (2019 - \$50,000) from general operations to restricted net assets.

Notes to Financial Statements

Year Ended December 31, 2020

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, 2020.

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.

	2020	2019
Cash	\$ 534,470	\$ 844,950
Accounts receivable	-	104,467
Project advances	650,914	591,133
Accounts payable	20,836	11,802
Investments	3,242,882	2,726,032
	\$ 4,449,102	\$ 4,278,384

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, 2020

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, 2020

	2020	2019
EXPENDITURES		
Argentina: Bahia de San Antonio	\$ 49,983	\$ 55,475
Argentina: Hooded Grebe	80,614	70,355
Argentina: Mar Chiquita's Wetlands	29,835	-
Argentina: Pino Parana	5,395	7,989
Argentina: Rincon de Santa Maria	11,316	19,836
Argentina: Rio Gallegos	-	25,492
Bahamas: Piping Plover	42,234	93,624
Bolivia: Barba Azul Nature Reserve	40,118	25,828
Bolivia: Barba Azul Reserve Infrastructure	-	59,710
Brazil: Kayapo AFP	1,021,004	1,311,411
Brazil: Kayapo IK	466,124	281,381
Brazil: Kayapo IR	176,128	-
Cambodia: Marine Conservation Kep	194,037	106,790
Chile/Argentina Red Knot Survey	8,500	-
Chile: Maullin Shorebirds	65,828	87,988
Communities for Conservation	-	3,428
Costa Rica: ACG Marine Education	10,410	18,216
Costa Rica: ACG Parataxonomists	87,810	89,907
Costa Rica: Osa Corcovado	121,268	227,223
Costa Rica: Osa Safer	185,819	116,512
Costa Rica: Osa Safer Youth Nature Program	18	-
DRC: Grauer's Gorilla Conservation	307,245	-
Ecuador: Choco Land Acquisition	11,599	528,288
Ecuador: Jocotoco San Cristobal Island Galapagos	-	7,500
French Polynesia: Imperiled Birds	8,638	57,253
Ghana Togo Slippery Frog	30,648	-
Indonesia: Sulawesi Wildlife	238,052	249,556
Kenya: Kijabe Forest	79,814	77,552
Kenya: Laikipia Nature Conservancy	183,969	139,286
Madagascar: Rabondro Reserve	1,027	-
Malawi: Fish for Tomorrow	59,904	34,123
Mali: Desert Elephants	312,037	273,824
Mexico: Pacific Red Knot	958	-
Mozambique: Mount Namuli Conservation	-	10,599
Mozambique: Mount Ribaue Conservation	38,429	-
Nepal: Koshi Tappu Land Acquisition	795,445	-
Nepal: Koshi Tappu Wetlands	60,041	56,010
Nepal: Red Panda Project	63,013	32,953
Nepal: Snow Leopard	60,264	77,674
Nicaragua: El Rosario Turtle Project	18,270	10,116
Nicaragua: Salinas Grandes Sea Turtles	18,122	-
Peru: Andean Amazon Deforestation Monitoring	181,021	189,160
Peru: Los Amigos Conservation Concession	90,854	77,460
Poon Fund for Tropical Nature	1,879	-
Rainforest Trust-led Projects	417	221,015
South Africa: Rhino Conservation	94,936	253,325
South America: Shorebird Coordinator	51,066	53,251
Southeast Asia: Spoon-billed sandpiper	83,747	72,479
Western Hemispheric Shorebird Group	1,252	15,679
	\$ 5,389,088	\$ 5,038,268