



CANADIAN WILDLIFE FEDERATION
FÉDÉRATION CANADIENNE DE LA FAUNE



Financial Statements

For the year ended February 28, 2014

Canadian Wildlife Federation
Financial Statements
For the year ended February 28, 2014

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Independent Auditor's Report

To the Members of the Canadian Wildlife Federation

Report on the Financial Statements

We have audited the accompanying financial statements of the Canadian Wildlife Federation, which comprise the balance sheet as at February 28, 2014, and the statements of operations, changes in net assets and cash flows 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 of our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Wildlife Federation as at February 28, 2014, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants
June 7, 2014
Ottawa, Ontario

Canadian Wildlife Federation Balance Sheet

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

	2014	2013
Assets		
Current		
Cash and cash equivalents (Note 1)	\$ 2,342	\$ 3,114
Accounts receivable (Note 2)	436	173
Prepaid expenses	342	330
	3,120	3,617
Investments (Note 3)	3,314	3,489
Restricted investment (Note 4)	200	200
Tangible capital assets (Note 5)	1,987	2,133
Deferred donor acquisition costs (Note 6)	777	771
	\$ 9,398	\$ 10,210

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 7)	\$ 929	\$ 990
Current portion of magazine publications obligations	216	281
Deferred revenue	216	20
	1,361	1,291
Magazine publications obligations	107	100
	1,468	1,391
Net assets		
Restricted for endowment purposes (Notes 4 and 9)	200	200
Internally restricted reserves (Note 9)		
Invested in tangible capital assets	1,987	2,133
Invested in deferred donor acquisition costs	777	771
Capital assets replacement	250	250
Working capital	3,480	3,260
Programs	1,232	2,103
Net unrealized gain on investments (Note 3)	4	102
	7,930	8,819
	\$ 9,398	\$ 10,210

On behalf of the Board:

Lloyd Lintott
Director

Guy Vézina
Director

Canadian Wildlife Federation Statement of Changes in Net Assets

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28, 2014

	Internally Restricted Reserves										Total
	Restricted for Endowment Purposes	Invested in Tangible Capital Assets	Invested in Deferred Donor Acquisition Costs	Capital Assets Replace- ment	Working Capital	Programs	Net Unrealized Gain on Investments	Unrestricted			
Balance, beginning of year	\$ 200	\$ 2,133	\$ 771	\$ 250	\$ 3,260	\$ 2,103	\$ 102	\$ -			\$ 8,819
Excess (deficiency) of revenue over expenses for the year	-	(199)	(1,116)	-	-	-	(98)	524			(889)
Investment in tangible capital assets	-	53	-	-	-	-	-	(53)			-
Investment in donor acquisition costs	-	-	1,122	-	-	-	-	(1,122)			-
Transfers to reflect internally imposed restrictions	-	-	-	-	220	(871)	-	651			-
Balance, end of year	\$ 200	\$ 1,987	\$ 777	\$ 250	\$ 3,480	\$ 1,232	\$ 4	\$ -			\$ 7,930

Canadian Wildlife Federation
Statement of Changes in Net Assets (continued)

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28, 2013

	Internally Restricted Reserves									
	Restricted for Endowment Purposes	Invested in Tangible Capital Assets	Invested in Deferred Donor Acquisition Costs	Capital Assets Replace- ment	Working Capital	Programs	Net Unrealized Gain on Investments	Unrestricted	Total	
Balance, beginning of year	\$ 200	\$ 2,225	\$ 457	\$ 250	\$ 3,323	\$ 2,481	\$ 221	\$ -	\$ 9,157	
Excess (deficiency) of revenue over expenses for the year	-	(248)	(991)	-	-	-	(119)	1,020	(338)	
Investment in tangible capital assets	-	156	-	-	-	-	-	(156)	-	
Investment in donor acquisition costs	-	-	1,305	-	-	-	-	(1,305)	-	
Transfers to reflect internally imposed restrictions	-	-	-	-	(63)	(378)	-	441	-	
Balance, end of year	\$ 200	\$ 2,133	\$ 771	\$ 250	\$ 3,260	\$ 2,103	\$ 102	\$ -	\$ 8,819	

Canadian Wildlife Federation Statement of Operations

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28, 2014

	2014	2013
Revenue		
Magazine publications	\$ 429	\$ 582
Donations	11,335	12,013
Bequests	792	1,537
Contributed services (Note 14)	699	1,178
Royalties and commissions	20	13
Programs (Note 4)	788	747
Investment income (Note 3)	61	106
Other	211	94
	14,335	16,270
Expenses (Schedule)		
Programs		
Conservation / education programs (Notes 13 and 14)	9,401	10,818
Magazine publications	615	645
Support services		
Fundraising (Note 13)	3,718	3,704
General and administrative	1,458	1,393
Magazine publications	32	48
	15,224	16,608
Deficiency of revenue over expenses for the year	\$ (889)	\$ (338)

Canadian Wildlife Federation Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28, 2014

	2014	2013
Cash flows from (used in) operating activities		
Deficiency of revenue over expenses for the year	\$ (889)	\$ (338)
Adjustments for		
Amortization of tangible capital assets	199	248
Amortization of donor acquisition costs	1,116	991
Net realized (gain) loss on sale of non-current investments	64	75
Net change in unrealized (gain) loss on non-current investments (Note 3)	98	119
	588	1,095
Changes in non-cash working capital balances (Note 10)	(198)	(622)
	390	473
Cash flows from (used in) investing activities		
Acquisition of tangible capital assets	(53)	(156)
Donor acquisition costs capitalized	(1,122)	(1,305)
Net proceeds on sale (cost of acquisition) of non-current investments	13	2,582
	(1,162)	1,121
Increase (decrease) in cash and cash equivalents during the year	(772)	1,594
Cash and cash equivalents, beginning of year (Note 1)	3,114	1,520
Cash and cash equivalents, end of year (Note 1)	\$ 2,342	\$ 3,114

Canadian Wildlife Federation

Summary of Significant Accounting Policies

February 28, 2014

Nature of Business

The Canadian Wildlife Federation (the "Federation") is incorporated without share capital under Part II of the Canada Corporations Act to promote the quality and maintenance of Canadian wildlife and the environment. The Federation's legal name is Canadian Wildlife Federation Inc. and operates as Canadian Wildlife Federation. The Federation is a registered charity and as such is exempt from income taxes and may issue official receipts for income tax purposes to donors. It is a membership based organization which derives its funding from a broad base of members and supporters. The Federation publishes and distributes magazines focusing on wildlife issues which comprise a major part of its education program. It also publishes other educational and information material and sells nature materials designed to foster an awareness and understanding of conservation generally.

In addition, the Federation also undertakes research on specific conservation issues of the day as well as fulfilling an advocacy role on behalf of Canadians concerned about wildlife and the environment.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") which are part of Canadian generally accepted accounting principles and include the following significant accounting policies. As a permitted option under ASNPO, these financial statements are prepared on a non-consolidated basis (see Note 11 to these financial statements).

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Significant estimates include assumptions used in estimating the fair value of financial instruments; in establishing the useful lives and related amortization of tangible capital assets; in estimating the amount, amortization period and future benefit of deferred donor acquisition costs; in estimating provisions for accrued liabilities; in estimating the value of contributed services; and in estimating expense allocations.

Financial Instruments

Financial instruments are financial assets or liabilities of the Federation where, in general, the Federation has the right to receive cash or another financial asset from another party or the Federation has the obligation to pay another party cash or other financial assets.

Canadian Wildlife Federation Summary of Significant Accounting Policies

February 28, 2014

Financial Instruments (continued)

Measurement of financial instruments

The Federation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Federation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, certain cash equivalents, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include certain cash equivalents and investments.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Federation recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue Recognition

The Federation follows the deferral method of accounting for contributions. Restricted contributions, including government contributions, are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, including donations, bequests, royalties and commissions, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Magazine publications fees are initially recorded as magazine publications obligations in the balance sheet and the revenue derived therefrom is recognized over the term of the related magazine subscription.

Canadian Wildlife Federation Summary of Significant Accounting Policies

February 28, 2014

Revenue Recognition
(continued)

Fair value changes for investments are recorded as investment income and recognized as revenue in the statement of operations, or as a component of deferred contributions if the investment income is restricted, as appropriate.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. The balance of investment income is unrestricted and recognized as revenue.

Foreign Currency

Transactions during the year in U.S. dollars have been converted in the accounts to Canadian dollars at the exchange rate effective on the transaction date. All monetary assets in U.S. dollars have been converted to Canadian dollars at the exchange rates in effect at the year end. Gains or losses resulting therefrom are included in the determination of the excess (deficiency) of revenue over expenses for the year.

Contributed Services

Contributed services which are used in the normal course of the Federation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if their fair value can be reasonably estimated. Certain contributed services are recognized in these financial statements.

The Federation recognizes contributed services in relation to public service announcement ("PSA") distribution services received.

In addition, the Board of Directors volunteer their time to assist the Federation in carrying out its service delivery activities. Because of the difficulty of determining the fair value of these services, they are not recognized in these financial statements.

**Cash and Cash
Equivalents**

For purposes of the Federation's statement of cash flows, cash and cash equivalents are defined as bank balances; demand deposits; and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Normally only non-equity investments with a maturity of 90 days or less from their date of acquisition would be considered a cash equivalent, otherwise they would be considered an investing activity. In addition, bank overdrafts would only be considered a cash equivalent if they are repayable on demand and form an integral part of the Federation's cash management, whereby the bank balance fluctuates frequently from positive to overdrawn, otherwise they would be considered a financing activity.

Capital Assets

Tangible capital assets are recorded at cost. Donated tangible capital assets are recorded at fair value on the date of the contribution, when it can be reasonably determined. Amortization is based on the estimated useful life of the asset and is provided as follows:

Canadian Wildlife Federation Summary of Significant Accounting Policies

February 28, 2014

Capital Assets
(continued)

Building and building improvements	40 years straight-line basis
Computer equipment	3 years straight-line basis
Office equipment	5 years straight-line basis
Office furniture	10 years straight-line basis

The Federation reviews the useful life of its tangible capital assets on an ongoing basis considering events or changes in circumstances.

When a tangible capital asset no longer has any long-term potential to the Federation, the write down being the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. A write-down is not reversed in subsequent years.

Intangible capital assets being computer software are charged to the statement of operations as an expense in the year of acquisition.

Donor Acquisition Costs

Donor acquisition costs are an intangible asset. Costs to acquire new donors are amortized over a three year period, which represents the expected future benefits of these costs, using the sum of the years' digits method.

Deferred donor acquisition costs are tested for impairment when events or changes in circumstances indicate that its carrying value may not be recoverable. The write-down is recognized as an expense in the statement of operations. A write-down is not reversed in subsequent years.

Expense Allocations

The Federation engages in conservation / education, magazine publications and fundraising programs. The costs of each program include expenses that are directly related to providing the programs as well as indirect costs allocated among specific programs. The Federation also incurs general and administrative expenses directly related to the support of these programs. The Federation's general and administrative support expenses are not allocated to programs as an indirect cost.

Both the conservation / education and fundraising programs include the use of the same materials, brochures and mailings. The cost of materials and brochures used directly by the conservation / education programs and the fundraising program is included in each program. Some of the materials and brochures included in fundraising campaigns are also mailed to individuals who have been identified as beneficiaries of the conservation / education programs. A portion of the cost of these specific materials and brochures has been allocated from the fundraising programs to the conservation / education programs based on the estimated percentage of space of print dedicated to conservation / educational information in the specific material mailed.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

1. Cash and Cash Equivalents

	2014	2013
Cash	\$ 461	\$ 1,131
Cash - savings account	1,713	1,905
Money market funds	168	78
	\$ 2,342	\$ 3,114

Cash accounts are held in two financial institutions and bear interest. The savings account bears interest on an escalating tiered basis in the range of 0.10% to 1.20% (2013 - 0.45% to 1.35%) which at year end was an average of 1.02% (2013 - 1.26%). At year end, money market funds bear interest at 1.14% (2013 - 1.18%). Cash accounts include \$nil Canadian (2013 - \$142,000 Canadian) denominated in U.S. dollars. The investments in money market funds can be readily liquidated if necessary and are therefore considered to be a cash equivalent. The carrying value of money market funds reflects their current market value.

At February 28, 2014 the Federation has available an undrawn operating line of credit with its bank in the amount of \$500,000 (2013 - \$500,000) at an interest rate of bank prime plus 0.75% (2013 - bank prime plus 0.75%).

2. Accounts Receivable

	2014	2013
Operating	\$ 174	\$ 43
Government remittances receivable	98	95
Due from The Canadian Wildlife Foundation (Note 11)	164	35
	\$ 436	\$ 173

3. Investments

Investments are comprised of fixed income Canadian government, provincial and corporate bonds, other fixed income securities and Canadian preferred shares. Investments include U.S. investments of \$301,000 (2013 - \$211,000) denominated in U.S. dollars. The effective weighted interest rate of all of the investments at year end is 2.18% (2013 - 1.40%). These investments are marketable securities and can be readily liquidated if necessary. However the investments are presented in the balance sheet as non-current assets to more appropriately present the Federation's financial risk management policies as set out in Note 15 to these financial statements. The carrying value of investments reflects their current market value.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

3. Investments (continued)

Throughout the 2014 fiscal year, net unrealized gains and losses resulting from the application of the financial instruments standards described in the summary of significant accounting policies amounted to a net unrealized loss of \$98,000 (2013 - \$119,000 loss) which is recorded in investment income in the statement of operations.

The cumulative net unrealized gain at year end is \$4,000 (2013 - \$102,000) which is presented as an internally restricted reserve in the balance sheet and the statement of changes in net assets.

4. Environment Canada Agreement

The Federation has an agreement with Environment Canada whereby both organizations contribute funding to be used towards the development of a wildlife awareness initiative. Included in 2014 programs revenue is \$200,000 (2013 - \$180,000) of contributions from Environment Canada related to this agreement. The agreement expires March 31, 2017.

In 2004, the Federation received a \$100,000 contribution that was required to be set aside along with \$100,000 of the Federation's own funds, to be used at such time that further funding is no longer available. These restricted investments are in money market funds and at year end bear interest at a rate of 1.14% (2013 - 1.18%). The interest earned on these restricted investments can be used as received to further fund this initiative.

5. Tangible Capital Assets

	2014			2013		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 168	\$ -	\$ 168	\$ 168	\$ -	\$ 168
Land held for program development	250	-	250	250	-	250
Building and building improvements	2,065	680	1,385	2,065	628	1,437
Computer equipment	851	786	65	804	695	109
Office equipment	404	338	66	400	294	106
Office furniture	201	148	53	199	136	63
	\$ 3,939	\$ 1,952	\$ 1,987	\$ 3,886	\$ 1,753	\$ 2,133

Several years ago, land was donated to the Federation for which fair value was not reasonably determinable. Therefore no value is included with respect to this donated land.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

6. Deferred Donor Acquisition Costs

	2014	2013
Cost	\$ 3,145	\$ 2,589
Less: Accumulated amortization	2,368	1,818
Net book value	<u>\$ 777</u>	<u>\$ 771</u>

Each year the cost and accumulated amortization of fully amortized acquisitions are removed from the Federation's records which for 2014 was \$566,000 (2013 - \$631,000).

7. Accounts Payable and Accrued Liabilities

As at February 28, 2014 the Federation had government remittances payable of \$nil (2013 - \$nil). Accounts payable and accrued liabilities include \$nil (2013 - \$139,000 Canadian) denominated in U.S. dollars.

8. Contractual Obligations

In connection with its operations, the Federation regularly enters into agreements for the purchase of various supplies and services including the rental of equipment and facilities. Certain of these agreements extend beyond the end of the 2014 fiscal year. In the opinion of management, these agreements are in the normal course of the Federation's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk.

9. Capital Disclosures

The Federation's capital is comprised of its net assets which at year end totaled \$7,930,000 (2013 - \$8,819,000). Of the Federation's capital, \$1,987,000 (2013 - \$2,133,000) is internally restricted to fully finance the Federation's investment in its tangible capital assets and \$777,000 (2013 - \$771,000) is internally restricted to fully finance the Federation's investment in its deferred donor acquisition costs. As set out in Note 4 to these financial statements, \$200,000 (2013 - \$200,000) of the Federation's capital is set aside for endowment purposes. At year end the Federation's other internally restricted net assets totaled \$4,962,000 (2013 - \$5,613,000) as presented in the Federation's balance sheet and in accordance with the policy approved by the Federation's Executive Committee as further described herein.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

9. **Capital Disclosures** (continued)

The Federation's objectives when managing its other internally restricted net assets are to maintain its ability to:

- Operate efficiently;
- Meet its disbursement quota requirement as determined by the Canada Revenue Agency;
- Provide liquidity for growth opportunities;
- Have funds available for cyclical expenditures (i.e. expenditures not recurring annually);
- Have funds available for unexpected increases in expenditures or decreases in revenues; and
- Provide a constant and predictable fee structure.

The amounts allocated to these other internally restricted net assets is determined in reference to unrestricted net assets otherwise available for allocation. The purpose of each component of the Federation's other internally restricted net assets including the order in which amounts are set aside is as follows:

- The Capital Asset Replacement Reserve is to provide funds, if any, which are available to allow for replacement of capital assets;
- The Working Capital Reserve is to provide funds, if any, which are available should there be unforeseen disruptions in fundraising activities; and
- The Programs Reserve is to provide for funds, if any, which are available to allow for the continuance of conservation programs.

Since the Federation's investments are carried at fair value, all changes in fair value are recognized in operations as they occur. However the Federation segregates the unrealized portion of the fair value changes existing of \$4,000 (2013 - \$102,000) as a separate component of internally restricted net assets entitled net unrealized gain on investments. Therefore the Federation's other internally restricted reserves are not impacted until the net gains or losses are realized.

Further, the Federation has magazine publications obligations related to magazine subscriptions which are deferred revenue at year end totaling \$323,000 (2013 - \$381,000) and other deferred revenue of \$216,000 (2013 - \$20,000) for specific programs. These funds are available to finance the Federation's subsequent years' operations.

The Federation's financial risk management policies, as set out in Note 15 to these financial statements, have been established to assist the Federation in meeting the objectives set out herein by ensuring the Federation's capital invested in financial markets is not at risk and the Federation has sufficient liquidity. The Federation also has an undrawn operating line of credit in the amount of \$500,000 (2013 - \$500,000) as set out in Note 1 to these financial statements, which is available to provide liquidity. The Federation Executive Committee does not establish quantitative return on capital criteria other than as set out in these financial risk management policies.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

9. Capital Disclosures (continued)

The Federation is not subject to externally imposed requirements on its capital except as set out in Note 4 to these financial statements with respect to its net assets restricted for endowment purposes.

In addition, as set out in Note 11 to these financial statements, the Federation controls The Canadian Wildlife Foundation (the "Foundation") which has not been consolidated in these financial statements. As such the net assets referred to in this note exclude the Foundation.

10. Changes in Non-Cash Working Capital Balances

Changes in non-cash working capital balances consist of changes in the following accounts which represents a source (use) of cash from operating activities:

	<u>2014</u>	<u>2013</u>
Accounts receivable	\$ (263)	\$ 48
Prepaid expenses	(12)	(110)
Accounts payable and accrued liabilities	(61)	(415)
Deferred revenue	196	(105)
Magazine publications obligations - Current and non-current	<u>(58)</u>	<u>(40)</u>
	<u>\$ (198)</u>	<u>\$ (622)</u>

11. The Canadian Wildlife Foundation

The Canadian Wildlife Foundation (the "Foundation") manages funds, in trust, for the use and benefit of the Federation and such other organizations whose objectives are compatible with those of the Foundation or the Federation. Pursuant to the by-laws of the Foundation, the Foundation is to pay, transfer, or assign to the Federation, any part or all of the Foundation's unrestricted assets, or proceeds thereof, including the net earnings derived therefrom, upon request by the Federation. The Foundation is incorporated without share capital under Part II of the Canada Corporations Act. The Foundation is a registered charity and as such, is exempt from income taxes and may issue income tax receipts to donors.

The Foundation has not been consolidated in these financial statements. Financial statements of the Foundation are available on request.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

11. The Canadian Wildlife Foundation (continued)

The Foundation's financial statements are prepared using Canadian Accounting Standards for Not-for-Profit Organizations but it uses the restricted fund method of accounting for contributions whereas the Federation uses the deferral method. Therefore, the Foundation's and Federation's financial statements are not directly comparable. Under the restricted fund method externally restricted amounts may be included in fund balances / net assets and in the respective restricted fund's results of operations. Under the deferral method these restricted amounts are included in liabilities and not included in the results of operations until these funds are expended. A summary of the Foundation's financial statements follow.

Summary Balance Sheet

	As at February 28				
	General Fund	Restricted Funds	Endowment Funds	2014 Total	2013 Total
Assets	\$ 1,989	\$ 248	\$ 230	\$ 2,467	\$ 2,249
Liabilities	\$ 195	\$ -	\$ -	\$ 195	\$ 66
Fund balances					
Externally restricted	-	180	230	410	411
Internally restricted	1,114	-	-	1,114	1,078
Operating	184	-	-	184	388
Net unrealized gain on investments	496	68	-	564	306
	1,794	248	230	2,272	2,183
	\$ 1,989	\$ 248	\$ 230	\$ 2,467	\$ 2,249

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

11. **The Canadian Wildlife Foundation** (continued)

Summary Statement of Operations and Changes in Fund Balances

	For the year ended February 28			
	General Fund	Restricted Funds	Endowment Funds	2014 Total
Revenue	\$ 215	\$ -	\$ 2	\$ 217
Investment revenue	247	41	-	288
Expenses	(407)	(9)	-	(416)
Excess of revenue over expenses for the year	55	32	2	89
Fund balances, beginning of year	1,739	216	228	2,183
Fund balances, end of year	\$ 1,794	\$ 248	\$ 230	\$ 2,272

	For the year ended February 28			
	General Fund	Restricted Funds	Endowment Funds	2013 Total
Revenue	\$ 104	\$ 15	\$ 1	\$ 120
Investment revenue (loss)	(91)	(11)	-	(102)
Expenses	(108)	(80)	-	(188)
Excess (deficiency) of revenue over expenses for the year	(95)	(76)	1	(170)
Fund balances, beginning of year	1,834	292	227	2,353
Fund balances, end of year	\$ 1,739	\$ 216	\$ 228	\$ 2,183

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

11. **The Canadian Wildlife Foundation** (continued)

Summary Statement of Cash Flows

	For the year ended February 28	
	2014	2013
Cash flows from (used in) operating activities		
All funds	\$ 10	\$ (37)
Cash flows from (used in) investing activities		
Decrease in investments	(4)	40
Cash flows from financing activities		
Increase in Endowment Funds capital	1	1
Increase in cash for the year	7	4
Cash, beginning of year	18	14
Cash, end of year	\$ 25	\$ 18

The Foundation's General Fund at February 28, 2014 includes an internally restricted balance which represents its permanent capital in the amount of \$1,114,000 (2013 - \$1,078,000). The 2014 increase in permanent capital was \$36,000 (2013 - \$31,000) as a result of memorial donations received in conjunction with the Federation.

Certain of the Foundation's investments are carried at fair value. All changes in fair value are recognized in the Foundation's operations as they occur. The Foundation segregates the unrealized portion of the fair value changes existing at year-end as a separate component of fund balances.

From time to time, the Federation and Foundation provide funding for each other's programs. During the year the Foundation provided funding to Federation in the amount of \$213,000 (2013 - \$nil) for various programs.

Lifetime magazine subscription fees paid to the Federation by the Foundation to honour certain donors total \$nil for 2014 (2013 - \$7,000).

Certain administrative expenses of the Foundation are paid for by the Federation and charged to the Foundation. These transactions are in the normal course of operations and are measured at the exchange value, which is the actual amount of expenses incurred by the Federation on behalf of the Foundation. The Federation also provides general and administrative services which have not been fully charged to the Foundation.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

11. The Canadian Wildlife Foundation (continued)

Balances due to and from the Foundation that result from these transactions are interest free and are payable on demand. As of year end there was a balance of \$164,000 (2013 - \$35,000) owing by the Foundation to the Federation.

12. Employee Benefits

The Federation participates in a defined contribution plan providing pension benefits to eligible employees. The expense for the plan for the 2014 fiscal year is \$149,000 (2013 - \$138,000) which represents the Federation's required current contributions to the plan for the year.

13. Fundraising Expenses

Fundraising expenses reported in the statement of operations of \$3,718,000 for 2014 (2013 - \$3,704,000) are reported after the allocation of \$564,000 (2013 - \$1,463,000) to the conservation / education programs representing the cost of materials, brochures and mailings that are co-mailed with the Federation's direct mail campaigns.

14. Contributed Services

The Federation builds and maintains a conservation ethic among Canadians through the development and broadcast of television advertisements ("PSA's"), which are produced in 30 and 60-second formats. These PSA's include information in regards to natural resources (such as wildlife, freshwater, oceans, forests, etc.) and activities people can do to prevent harm to them or to benefit them. Television stations contribute staff time and air time to schedule and play these PSA's, without which, the Federation would otherwise have had to purchase if it chose to provide this information to Canadians in this manner.

To value these contributed services, the Federation contracted a third-party media monitoring company to independently value the fair value of these contributed services at the date of contribution. The fair value of the PSA distribution services provided for the year was \$699,000 (2013 - \$1,178,000), the benefit of which and offsetting corresponding conservation / education programs expense are reflected in the Federation's statement of operations and schedule of expenses.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

15. Financial Instruments Risks and Concentrations

The Federation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Federation's risk exposure and concentrations as at February 28, 2014.

Financial risk management

The Federation manages its investment portfolio based on the levels of its net assets set aside in its Working Capital Reserve and its Programs Reserve. The total of these reserves is known as the 'bench mark'. Typical investments based on this 'bench mark' are described below.

- Cash reserves below the 'bench mark' are invested in short-term instruments. This achieves a balance between maximization of interest and liquidity of cash. A combination of money market and fixed income investments would typically be used in this situation.
- Cash reserves above the 'bench mark' are invested in typically longer-term instruments. These instruments would weigh the permissible level of risk to the Federation's resources in relation to expected returns. At all times, the Federation would invest and manage these funds as would a prudent investor. A combination of income funds and balanced conservative funds would typically be used in this situation.

In addition, the Federation's cash is held in Canadian chartered banks.

The Federation is not involved in any hedging relationships and does not hold or use any derivative financial instruments for trading purposes.

Liquidity risk

Liquidity risk is the risk of being unable to generate sufficient cash and cash equivalents in a timely and cost effective manner to meet the Federation's spending requirements and obligations related to its deferred revenue and magazine publications obligations as well as meeting its financial liabilities in respect to its accounts payable and accrued liabilities, and its contractual obligations. The Federation mitigates liquidity risk by limiting its investments to financial instruments that are publicly traded in active markets and thereby readily liquidated if necessary.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Federation's main credit risks relate to its accounts receivable. The accounts receivable are managed and analyzed on an ongoing basis. The Federation is of the opinion that its exposure to bad debts is not significant.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

15. Financial Instruments Risks and Concentrations (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 risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Federation is exposed to exchange risk due to transactions during the year in U.S. dollars. Certain cash and cash equivalents, investments, and accounts payable and accrued liabilities, are denominated in U.S. dollars as set out in Notes 1, 3 and 7 to these financial statements respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Federation is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The Federation holds floating-rate financial instruments being its cash and cash equivalents, as set out in Note 1 to these financial statements, which would subject the Federation to a cash flow risk.

The Canadian government, provincial and corporate bonds and other fixed income investments held by the Federation, as set out in Note 3 to these financial statements, bear interest at fixed rates so the Federation is exposed to the risk resulting from interest rate fluctuations which is a fair value risk.

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 currency risk or interest rate risk), whether those changes are caused by factors specific to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The maximum loss due to price risk is represented by the fair value of certain cash equivalents and the investment portfolio as set out in Notes 1 and 3 to these financial statements respectively.

Investment credit risk

Investment credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Federation is exposed to investment credit risk through its investments in cash and cash equivalents, bonds and fixed income securities, as set out in Notes 1 and 3 to these financial statements respectively. Credit risk arising from these investments is limited to the carrying value of these assets.

Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

February 28, 2014

15. **Financial Instruments Risks and Concentrations** (continued)

Investment concentration risk

Investment concentration risk is the risk that an investment portfolio will have greater exposure due to a concentration in securities with similar characteristics or subject to similar economic, political or other conditions. Investment concentration risk is mitigated by ensuring that the portfolio limits geographic allocations as well as limits individual entity holdings.

Changes in risks

There have been no significant changes in the Federation's risk exposures from its 2013 fiscal year.

Canadian Wildlife Federation Schedule of Expenses

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28, 2014

	Programs		Support Services			Total
	Conservation / Education Programs	Magazine Publications	Fund- Raising	General and Adminis- trative	Magazine Publications	
Printing, publication, distribution, reports and websites	\$ 3,686	\$ 422	\$ 1,788	\$ 7	\$ 32	\$ 5,935
Salaries, benefits and related expenses	3,141	151	266	890	-	4,448
Occupancy	153	-	19	19	-	191
Communications and data processing	223	42	320	226	-	811
Conferences, projects and events, annual convention, and other meetings	1,344	-	-	238	-	1,582
Contributed services - PSA distribution (Note 14)	699	-	-	-	-	699
Amortization of tangible capital assets	123	-	38	38	-	199
Amortization of donor acquisition costs	-	-	1,116	-	-	1,116
Other	32	-	171	40	-	243
	\$ 9,401	\$ 615	\$ 3,718	\$ 1,458	\$ 32	\$ 15,224

For the year ended February 28, 2013

	Programs		Support Services			Total
	Conservation / Education Programs	Magazine Publications	Fund- Raising	General and Adminis- trative	Magazine Publications	
Printing, publication, distribution, reports and websites	\$ 4,685	\$ 436	\$ 1,872	\$ 8	\$ 48	\$ 7,049
Salaries, benefits and related expenses	3,041	151	252	732	-	4,176
Occupancy	108	-	13	14	-	135
Communications and data processing	229	58	335	359	-	981
Conferences, projects and events, annual convention, and other meetings	1,382	-	-	200	-	1,582
Contributed services - PSA distribution (Note 14)	1,178	-	-	-	-	1,178
Amortization of tangible capital assets	162	-	43	43	-	248
Amortization of donor acquisition costs	-	-	991	-	-	991
Other	33	-	198	37	-	268
	\$ 10,818	\$ 645	\$ 3,704	\$ 1,393	\$ 48	\$ 16,608