

WESTERN CANADA WILDERNESS COMMITTEE

Financial Statements

April 30, 2016

WESTERN CANADA WILDERNESS COMMITTEE
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April 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Western Canada Wilderness Committee

We have audited the accompanying financial statements of Western Canada Wilderness Committee, which comprise the statement of financial position as at April 30, 2016 and the statements of operations, changes in fund balances 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 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 for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Committee derives most of its revenue from donations and various fundraising programs, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our work in respect of this revenue was limited to accounting for the amounts recorded in the accounts of the organization, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses for the year, assets and fund balances.

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Western Canada Wilderness Committee as at April 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The prior year financial statements were audited by another accounting firm and we were not engaged to report on any of the comparative figures. The audit report for the prior year was dated August 26, 2015 and expressed a qualified opinion.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
August 24, 2016



Chartered Professional Accountants

WESTERN CANADA WILDERNESS COMMITTEE
Statement of Financial Position
April 30, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 66,547	\$ 51,567
Restricted cash	13,765	32,457
Short term investments	-	369,683
Accounts receivable	57	1,396
Interest receivable	2,960	7,749
Recoverable from government authorities - GST	34,993	18,508
Inventory (Note 3)	11,878	12,585
Prepaid expenses	39,954	28,333
	<u>170,154</u>	522,278
RESTRICTED RESERVE (Note 4)	315,073	310,570
CAPITAL ASSETS (Note 5)	<u>33,602</u>	48,496
	<u>\$ 518,829</u>	<u>\$ 881,344</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Callable debt	\$ -	\$ 32,575
Accounts payable	60,549	73,707
Payable to government authorities - source deductions	23,054	19,912
	<u>83,603</u>	126,194
FUND BALANCES - PAGE 5		
General Fund - Unrestricted	72,786	363,627
Capital Fund - Internally restricted	33,602	48,496
Internally Restricted Fund	315,073	310,570
Externally Restricted Environmental Fund	13,765	32,457
	<u>435,226</u>	755,150
	<u>\$ 518,829</u>	<u>\$ 881,344</u>

LEASE COMMITMENTS (Note 11)

CONTINGENT LIABILITIES (Note 12)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

WESTERN CANADA WILDERNESS COMMITTEE

Statement of Operations

Year Ended April 30, 2016

	2016	2015 (Note 13)
REVENUE		
Contributions and donations	\$ 1,500,643	\$ 1,644,252
Membership dues	277,529	270,413
Grant revenue	73,595	60,616
Sales of educational materials	42,812	49,273
Miscellaneous	14,754	17,792
	<u>1,909,333</u>	<u>2,042,346</u>
EXPENSES		
Projects and education	1,204,576	1,105,100
Canvassing and fundraising costs	471,373	325,274
Administration costs	232,171	203,957
Membership costs	221,378	224,160
Sales costs	76,769	88,379
Amortization	22,990	27,053
	<u>2,229,257</u>	<u>1,973,923</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - page 5	<u>\$ (319,924)</u>	<u>\$ 68,423</u>

WESTERN CANADA WILDERNESS COMMITTEE

Statement of Changes in Fund Balances

Year Ended April 30, 2016

	General Fund	Capital Fund	Internally Restricted Fund	Restricted Environmental Fund	2016	2015
FUND BALANCES - BEGINNING OF YEAR	\$ 363,627	\$ 48,496	\$ 310,570	\$ 32,457	\$ 755,150	\$ 686,727
Excess (deficiency) of revenue over expenses - page 4	(278,242)	(22,990)	-	(18,692)	(319,924)	68,423
Interfund transfers (Note 8)	(12,599)	8,096	4,503	-	-	-
FUND BALANCES - END OF YEAR - page 3	\$ 72,786	\$ 33,602	\$ 315,073	\$ 13,765	\$ 435,226	\$ 755,150

WESTERN CANADA WILDERNESS COMMITTEE

Statement of Cash Flows

Year Ended April 30, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses - page 4	\$ (319,924)	\$ 68,423
Item not affecting cash:		
Amortization	22,990	27,053
	<u>(296,934)</u>	<u>95,476</u>
Changes in non-cash working capital:		
Accounts receivable	1,339	1,793
Interest receivable	4,789	(7,749)
Recoverable from government authorities - GST	(16,485)	(2,583)
Inventory	707	3,060
Prepaid expenses	(11,621)	3,199
Accounts payable	(13,158)	(10,370)
Payable to government authorities - source deductions	3,142	12,950
	<u>(31,287)</u>	<u>300</u>
Cash flow from (used by) operating activities	<u>(328,221)</u>	<u>95,776</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(8,096)	(12,401)
Decrease (increase) in short term investments	369,683	(204,052)
Decrease in restricted reserve	(4,503)	(2,618)
	<u>357,084</u>	<u>(219,071)</u>
Cash flow from (used by) investing activities	<u>357,084</u>	<u>(219,071)</u>
INCREASE (DECREASE) IN CASH FLOW	28,863	(123,295)
Cash - beginning of year	<u>51,449</u>	<u>174,744</u>
CASH - END OF YEAR	\$ 80,312	\$ 51,449
CASH CONSISTS OF:		
Cash	\$ 66,547	\$ 51,567
Restricted current cash	13,765	32,457
Callable debt	-	(32,575)
	<u>\$ 80,312</u>	<u>\$ 51,449</u>

See notes to financial statements

WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

1. NATURE AND PURPOSE OF THE ORGANIZATION

The Western Canada Wilderness Committee (the "Committee"), founded in 1980, is a not-for-profit organization working for the preservation and protection of Canadian and International Wilderness areas through research and education. The Committee operates its head office in Vancouver, with chapters in Qualicum Beach and White Rock, British Columbia and branches in Victoria, Winnipeg and Toronto. Funding for campaigns and operations is raised through donations, grants, memberships and retail mail order and wholesale sales of educational publications and products.

The Committee is incorporated under the Society Act of British Columbia and is a registered charity, and as such is exempt from taxes.

In the event of dissolution or wind-up, the net assets of the Committee will be dispersed to other organizations with similar goals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

The Committee follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Committee's program delivery and administrative activities. This fund reports all unrestricted resources.

The Capital Fund reports the internally restricted assets and expenses related to the Committee's capital assets.

The Internally Restricted Fund reports the assets, liabilities, and expenses relating to the reserve set aside by the Committee for unexpected financial needs and program expansions.

The Restricted Environmental Fund reports certain externally restricted grants received by the Committee to be used for designated purposes, primarily related to specific environmental or education issues, and the related expenses.

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WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Restricted contributions and grants related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions and grants are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership dues are recognized as revenue when received.

Revenue from sales is recognized when invoiced, which typically coincides with shipment of the related goods.

Inventory

Inventory consists of finished goods and is valued at the lower of cost and net realizable value on a weighted average cost basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Investments

Investments, which have been presented as restricted cash reserve, consists of a term deposit that is cashable with a maturity term of more than three months (in the prior year there were two term deposits). This investment has been classified as a long term asset as it is management's intention to renew and reinvest the investment. Interest on the investment has been presented separately as interest receivable.

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	4 years	
Vehicles	3 years	
Leasehold improvements	5 years	based on length of lease

The Committee regularly reviews its capital assets to eliminate obsolete items.

The Committee has several cross sections of old-growth trees that it has preserved and marked with time-lines for educational purposes. In common with other non-profit organizations, the Committee's management does not capitalize these assets, or any costs related to them.

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WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Contributed services and materials

Volunteers assist the Committee in carrying out its programs and operations. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or gifts-in-kind are only recognized when their fair value is reasonably determinable and significant, with such items recorded at fair value on the date of the contribution. During the year the Committee received non-cash gifts-in-kind of \$25,046 for publically traded shares, life insurance policy, payroll program, and stamps (2015 - \$13,001 consisting of publically traded shares, vehicle, payroll program, life insurance policy, server and food).

Measurement uncertainty

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. Actual results could differ from these estimates. Material uncertainties involving management estimates include the write down of inventory.

Allocation of expenses

The Committee classifies its expenses by function, including its projects and education and canvassing and fundraising expenses. For projects and education and canvassing and fundraising expenses the Committee identifies the appropriate basis of allocating each component expense and applies that basis consistently each year. The expenses are allocated proportionately on the following basis:

Projects and education is made up of salaries & benefits, commissions, postage & courier, printing & newspaper, artworks, photo, & video, rent, wages & contractors, telephone & communication, travel, calendars, supplies and materials, mapping & surveying, audit & legal, meetings, events & volunteers, insurance, advertising & staff recruit, H.L.&P., RM-equipment, rent-equipment, RM-office, taxes, licenses, membership & sub, bank charges & interest. All the above expenses are based on direct allocation.

Canvassing and fundraising costs is made up of commissions, salaries & benefits, rent, wages & contractors, telephone & communication, travel, postage & courier, supplies & materials, calendars, insurance, advertising & staff recruit, meetings, events & volunteers, taxes, licenses, memberships & subscriptions, H.L.&P., RM-office, RM-equipment, printing & newspaper. All the above expenses are based on direct allocation.

See *Note 10* for the projects and education and canvassing and fundraising costs allocation amounts for the year.

WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

3. INVENTORY

Inventory is valued at the lower of cost and net realizable value. Changes to inventory during the year included:

	<u>2016</u>	<u>2015</u>
Opening inventory, net realizable value	\$ 12,585	\$ 15,645
Purchases	9,457	9,794
Inventory available for sale	<u>22,042</u>	25,439
Recognized as expense when sold	<u>(10,164)</u>	(12,854)
	<u>\$ 11,878</u>	<u>\$ 12,585</u>

4. RESTRICTED RESERVE

The restricted reserve consists of a term deposit held at CCEC Credit Union and is internally restricted. The term deposit is redeemable, matures May 5, 2016 and has an interest rate of 0.95% (2015 - 1.45%).

The committee has set aside this amount to secure future unexpected financial needs and program expansions.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 66,766	\$ 65,960	\$ 806	\$ 164
Computer equipment	67,921	64,201	3,720	4,763
Vehicles	27,099	19,023	8,076	12,070
Leasehold improvements	52,498	31,498	21,000	31,499
	<u>\$ 214,284</u>	<u>\$ 180,682</u>	<u>\$ 33,602</u>	<u>\$ 48,496</u>

6. CREDIT FACILITY

The Committee has a line of credit facility with CCEC Credit Union, that can be drawn upon to a maximum of \$100,000, which bears interest at prime plus 1% and is secured by the term deposit held by the Committee. At as April 30, 2016, the amount owing, which is due on demand, was \$NIL (2015 - \$32,575).

WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

7. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publicly traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

8. INTERFUND TRANSFERS

During the year, \$8,096 was transferred from the General Fund to the Capital Fund for the purchase of capital assets.

During the year, \$4,503 was transferred from the General Fund to the Internally Restricted Fund for interest earned on the term deposit.

9. RELATED PARTY TRANSACTIONS

During the year the Committee paid management fees of \$8,566 (2015 - \$31,240) to a company owned by a director. At year end, no further fees were paid.

10. ALLOCATION OF EXPENSES

Projects and education expenses of \$1,204,756 (2015 - \$1,105,100) have been allocated as follows:

	2016	2015
Projects and education		
Salaries & benefits	\$ 620,471	\$ 553,684
Commissions	179,054	136,446
Postage & courier	65,247	56,920
Printing & newspaper	61,298	48,577
Artworks, photo, & video	61,148	52,451
Rent	39,776	35,830
Wages & contractors	37,412	83,692
Telephone & communication	31,139	33,858
Travel	21,513	19,864
Calendars	19,492	6,772
Supplies & materials	18,304	22,068
Mapping & surveying	11,882	1,363
Audit & legal	7,693	16,491
Meetings, events & volunteers	7,250	11,523
Insurance	6,327	5,127
Advertising & staff recruit	4,072	6,948
H.L. & P.	3,161	2,255
RM-equipment	2,604	5,458
Rent-equipment	2,352	2,515
RM-office	1,834	1,644
Taxes, licenses, memberships & subscriptions	1,745	832

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WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

10. ALLOCATION OF EXPENSES *(continued)*

	<u>2016</u>	<u>2015</u>
Projects and education		
Bank charges & interest	<u>802</u>	<u>782</u>
	<u>\$ 1,204,576</u>	<u>\$ 1,105,100</u>

Canvassing and fundraising expenses of \$471,313 (2015 - \$325,274) have been allocated as follows:

Canvassing and fundraising costs:

Commissions	\$ 179,053	\$ 136,446
Salaries & benefits	173,329	100,437
Rent	25,708	22,892
Wages & contractors	20,301	-
Telephone & communication	17,036	15,581
Travel	13,577	10,979
Postage & courier	13,366	11,462
Supplies & materials	8,677	851
Calendars	8,047	6,526
Insurance	4,515	4,371
Advertising & staff recruit	3,129	3,442
Meetings, events & volunteers	2,162	1,406
Taxes, licenses, memberships & subscriptions	998	230
H.L. & P.	734	503
RM-Office	466	448
RM-Equipment	275	485
Printing & newspaper	-	9,215
	<u>\$ 471,373</u>	<u>\$ 325,274</u>

11. LEASE COMMITMENTS

The Committee has leases with respect to premises and office equipment. The premises leases expire on various dates up to March 31, 2020. The office equipment leases expire on various dates up to January 31, 2021.

Future minimum lease payments for the next five years are as follows:

2017	\$ 85,013
2018	87,863
2019	73,088
2020	17,769
2021	\$ 1,611

WESTERN CANADA WILDERNESS COMMITTEE

Notes to Financial Statements

Year Ended April 30, 2016

12. CONTINGENT LIABILITIES

A lawsuit was commenced by Taseko Mines Ltd. against the Committee on March 1, 2012 claiming both general and punitive damages for libel and injunctive relief in respect of allegedly defamatory statements on the Committee's website regarding a mine proposal with a related upcoming environmental review process hearing. The Committee, in its filed response to the claims with the court, pleaded that the words complained of were not defamatory and requested that the courts uphold its right to free speech on this important environmental issue, dismiss the action and impose extra court costs upon Taseko for attempting to use the litigation process to silence critics. A trial was completed in April 2015 and the case was dismissed. Taseko has filed an appeal on the ruling. The best estimate is that the appeal will be heard by the end of 2016. The appeal is deemed to have a low chance of success. The Committee therefore is unable to estimate if there is any legal cost at year end. Accordingly, no amounts have been reflected in these financial statements in respect of this matter.

In July 2016 the Committee has entered into a lawsuit challenging the conditional registrations of two neonicotinoid active ingredients, Clothianidin and Thiamethoxam, under the *Pest Control Products Act*. The respondents would be the federal Minister of Health and the registrants of Clothianidin and Thiamethoxam products - Sumitomo Chemical Company Ltd., Bayer CropScience Inc., and Syngenta Canada Ltd. The legal services are funded by Ecojustice. The Committee would be responsible for disbursements and, potentially, the litigation costs of the respondents. The estimated disbursements for this litigation are between \$4,000 - \$6,000. In the event the litigation is unsuccessful the estimated potential adverse cost liability is in the range of \$5,000 - \$75,000. It is highly likely that any adverse cost liability would fall in the lower end of this range. There is also a reasonable chance that a court would decline to order any costs at all by deciding the Committee is a public interest litigant. The presence of several private company respondents in the litigation means there is a small chance for elevated costs liability. The Committee is unable to determine the outcome of the case and therefore unable to estimate if there is any legal cost at year end. Accordingly, no amounts have been reflected in these financial statements in respect of this matter.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Specifically, miscellaneous income has been broken out of contributions and donations on the statement of operations. Additionally, \$97,035 has been reclassified from the projects and education grouping to the canvassing and fundraising costs grouping in the prior year as fundraising costs are all including in the canvassing grouping for the current year.

The prior year figures were audited by another accounting firm and have been restated to conform to the current year's presentation.
