

Nature United

Financial Statements

June 30, 2021



Independent auditor's report

To the Members of Nature United

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nature United (the Organization) as at June 30, 2021 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 (ASNPO).

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2021;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
October 26, 2021

Nature United

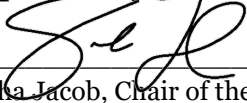
Statement of Financial Position

As at June 30, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	2,398,224	1,130,230
Accounts receivable (note 3)	-	54,675
Grant receivable	-	7,107
Prepaid expenses	24,898	38,117
	<hr/>	<hr/>
Total assets	2,423,122	1,230,129
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	476,464	330,671
Grants payable (note 4)	32,500	46,000
Deferred contributions (note 5)	1,354,375	1,231,693
	<hr/>	<hr/>
	1,863,339	1,608,364
Deferred lease inducements	<hr/>	<hr/>
	21,192	18,013
Total liabilities	1,884,531	1,626,377
Net Assets (Deficiency)	<hr/>	<hr/>
	538,591	(396,248)
Total liabilities and net assets (deficiency)	<hr/>	<hr/>
	2,423,122	1,230,129

Commitments (note 8)

Approved by the Board of Directors



Sasha Jacob, Chair of the Board

The accompanying notes are an integral part of these financial statements.

Nature United

Statement of Operations and Changes in Net Assets (Deficiency)

For the year ended June 30, 2021

	2021 \$	2020 \$
Revenue		
Donation from The Nature Conservancy (note 3)	3,600,000	2,625,000
Restricted contributions (note 5)	2,549,818	1,026,249
Other donations	97,958	102,533
	<u>6,247,776</u>	<u>3,753,782</u>
Expense		
Personnel and fringe benefits	3,194,949	2,946,435
Grants and contracts	1,711,058	1,256,116
Professional fees	143,501	118,287
Rent	148,921	134,000
Travel	4,161	91,633
Training and meetings	63,820	59,465
General and administrative (note 7)	46,527	64,615
	<u>5,312,937</u>	<u>4,670,551</u>
Net revenue (expense) for the year	934,839	(916,769)
Net assets (deficiency) – Beginning of year	<u>(396,248)</u>	520,521
Net assets (deficiency) – End of year	<u>538,591</u>	<u>(396,248)</u>

The accompanying notes are an integral part of these financial statements.

Nature United

Statement of Cash Flows

For the year ended June 30, 2021

	2021 \$	2020 \$
Cash from donations and contributions		
Donations from The Nature Conservancy	3,600,000	2,625,000
Restricted contributions	2,672,500	1,900,766
Other donations	97,958	102,533
Government grants	7,107	70,531
	<hr/> 6,377,565	<hr/> 4,698,830
Cash paid for		
Grants and contracts	(1,702,171)	(1,180,930)
Professional fees	(143,501)	(118,287)
Payroll and fringe benefits	(3,075,420)	(2,990,860)
Rent	(145,742)	(114,421)
Other expenses	(97,412)	(218,852)
Related party expenses	54,675	(45,072)
	<hr/> (5,109,571)	<hr/> (4,668,422)
Increase in cash during the year	1,267,994	30,408
Cash – Beginning of year	<hr/> 1,130,230	<hr/> 1,099,822
Cash – End of year	<hr/> <hr/> 2,398,224	<hr/> <hr/> 1,130,230

The accompanying notes are an integral part of these financial statements.

Nature United

Notes to Financial Statements

June 30, 2021

1 Organization

Nature United (the Organization) was incorporated on November 21, 2012, under the provisions of the Canada Not-for-profit Corporations Act and became a registered charity on March 18, 2014. As a registered charity, the Organization is exempt from income taxes pursuant to subsection 149(1)(l) of the Income Tax Act (Canada).

The purpose of the Organization is to partner with Indigenous Peoples, businesses, governments and other non-profits to work towards a Canada where healthy communities and responsible economic development drive locally and globally significant conservation outcomes. The Nature Conservancy (the Conservancy) founded and is the sole member of the Organization. The Conservancy also makes ongoing financial donations to the Organization to help support its purpose, consistent with the Cooperation Agreement between the two entities.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The Organization's significant accounting policies are as follows.

Revenue recognition

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

Where donations or grants are restricted and there is not an appropriate fund designated by the Organization, the contribution is deferred and is ultimately recognized as revenue in the general fund in the same period as the related expense for which it was restricted.

Revenue from unrestricted donations and grants is recognized as revenue in the general fund when cash is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

- Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and liabilities at amortized cost. Financial assets measured at cost comprise cash, accounts receivable and grants receivable. Financial liabilities measured at cost comprise amortized cost accounts payable, accrued liabilities and grants payable.

Nature United

Notes to Financial Statements

June 30, 2021

- Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of any writedown, if applicable, is recognized in net revenue (expense) for the year. Any previously recognized impairment loss may be reversed to the extent of an improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. If applicable, the amount of the reversal is recognized in revenue (expense) for the year.

Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available. Assumptions are used in estimating the amounts of certain accrued liabilities.

Lease inducements

Inducements received on signing or renewal of a lease are deferred and amortized on a straight-line basis over the term of the lease.

3 Related party transactions

In addition to donations totalling \$3,600,000 (2020 – \$2,625,000), the Conservancy provided various support services to the Organization (including corporate management, ethics and compliance, legal, finance and administration, human resources and information technology) at no charge. The Conservancy also incurred \$77,050 (2020 – \$322,691) of contractual, communications, travel and other expenses, which were not charged back to the Organization.

Transactions between related parties are recorded at the exchange amount. Included in accounts receivable is \$nil (2020 – \$45,072) owing from the Conservancy. This amount is non-interest bearing and has no specific terms of repayment.

Nature United

Notes to Financial Statements

June 30, 2021

4 Grants payable

As at June 30, 2021, the Organization had approved grants of various terms up to May 2022. Amounts are payable based on the terms of the grant, which may include pre-term costs, amounts that are paid out without additional deliverables or amounts that are paid out based on the submission of reports or supporting cost summaries.

Accounts payable and accrued liabilities include \$62,500 (2020 – \$390) owing to government agencies.

5 Deferred contributions

	2021 \$	2020 \$
Balance – Beginning of year	1,231,693	279,538
Restricted contributions received	2,672,500	1,978,404
Restricted contributions recognized as revenue	(2,549,818)	(1,026,249)
	<hr/>	<hr/>
Balance – End of year	1,354,375	1,231,693
	<hr/>	<hr/>

6 Financial instruments

The Organization is subject to liquidity risk through its debts and obligations. To ensure the Organization is able to fund its obligations as they come due, it maintains accessible sources of liquidity, consisting primarily of cash balances. The Organization mitigates its risk by monitoring cash flows and maintaining a conservative level of debt suitable to its size in reference to the industry in which it operates.

It is management's opinion that the Organization is not subject to significant credit, currency, interest or other risk.

Nature United

Notes to Financial Statements

June 30, 2021

7 General and administrative expenses

	2021 \$	2020 \$
Other expenses	23,089	23,297
Repair and maintenance	-	14,294
Telecommunications	12,373	12,691
Bank charges and interest	9,541	10,407
Supplies and equipment	1,524	3,926
	<hr/> 46,527	<hr/> 64,615

8 Commitments

The Organization leases office space from a third party. The minimum lease payments due under the operating lease are as follows:

	\$
2022	114,436
2023	114,436
2024	114,426
2025	38,145

The Organization enters into grant agreements with third parties, which have various expiry dates. As at June 30, 2021, the following amounts related to these grants are not yet due (note 4):

	\$
2022	130,376

9 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Nature United

Notes to Financial Statements

June 30, 2021

10 Implication of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

The long-term impact of the outbreak on the Organization's operations and financial position remains uncertain. Management continues to closely monitor the economic situation and any potential impacts there may be on the Organization. These impacts could include a decline in future cash flows and increased borrowing to sustain operations. However, management believes that, to date, COVID-19 has not had a negative impact on the Organization. While management continues to prepare for all scenarios, it believes the long-term prospects for the Organization remain positive and have not changed as a result of the pandemic.