

WESTERN CANADA WILDERNESS COMMITTEE

Financial Statements

Year Ended April 30, 2014

INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2014 and April 30, 2013 and the statements of operations, changes in net assets and cash flows for the years ended April 30, 2014 and April 30, 2013, 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 for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Western Canada Wilderness Committee derives portion of its revenue from unreceipted fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Western Canada Wilderness Committee. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended April 30, 2014 and April 30, 2013, current assets and net assets as at April 30, 2014 and April 30, 2013.

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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, 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.



Vancouver, BC
August 14, 2014

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

WESTERN CANADA WILDERNESS COMMITTEE
Statement of Financial Position
April 30, 2014

	<i>April 30</i> 2014	<i>April 30</i> 2013
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 130,711	\$ 198,354
Restricted environmental fund (Notes 2, 10)	44,033	34,560
Short term investments (Note 3)	165,631	457,511
Accounts receivable	19,115	36,679
Inventory (Note 4)	15,645	20,645
Prepaid expenses	31,532	17,290
	406,667	765,039
CAPITAL ASSETS (Note 5)	63,147	23,146
RESTRICTED CASH RESERVE (Note 6)	307,952	-
	\$ 777,766	\$ 788,185
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 91,038	\$ 63,232
NET ASSETS		
General fund (Note 6)	579,548	667,247
Restricted environmental fund	44,033	34,560
Capital fund	63,147	23,146
	686,728	724,953
	\$ 777,766	\$ 788,185
COMMITMENTS (Note 9)		
CONTINGENT LIABILITY (Note 10)		

ON BEHALF OF THE BOARD

_____ Director
 _____ Director

See notes to financial statements

WESTERN CANADA WILDERNESS COMMITTEE
Statement of Operations
Year Ended April 30, 2014

	2014	2013
REVENUE		
Membership dues	\$ 302,116	\$ 312,244
Contributions and donations	1,297,072	1,302,797
Grant revenue <i>(Note 10)</i>	87,715	120,586
Sales of educational materials	60,308	72,882
Unreceipted donations	29,713	39,985
	<u>1,776,924</u>	<u>1,848,494</u>
EXPENSES		
Administration costs	217,563	204,052
Amortization	24,679	13,373
Campaign and grant project costs	1,048,449	1,118,951
Canvass costs	226,471	221,928
Membership costs	205,489	211,127
Sales costs	92,498	99,498
	<u>1,815,149</u>	<u>1,868,929</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (38,225)	\$ (20,435)

WESTERN CANADA WILDERNESS COMMITTEE
Statement of Changes in Net Assets
Year Ended April 30, 2014

	General Fund	Restricted Environmental Fund	Capital Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 667,247	\$ 34,560	\$ 23,146	\$ 724,953	\$ 745,388
Deficiency of revenue over expenses	(23,019)	9,473	(24,679)	(38,225)	(20,435)
Interfund transfers					
Purchase of capital assets	(14,067)	-	14,067	-	-
Leasehold improvements	(52,498)	-	52,498	-	-
ICBC settlement	1,885	-	(1,885)	-	-
NET ASSETS - END OF YEAR	\$ 579,548	\$ 44,033	\$ 63,147	\$ 686,728	\$ 724,953

WESTERN CANADA WILDERNESS COMMITTEE
Statement of Cash Flows
Year Ended April 30, 2014

	2014	2013
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (38,225)	\$ (20,435)
Items not affecting cash:		
Amortization of property, plant and equipment	24,679	13,373
ICBC vehicle settlement	1,885	-
	<u>(11,661)</u>	<u>(7,062)</u>
Changes in non-cash working capital:		
Accounts receivable	17,564	3,975
Inventory	5,000	14,275
Accounts payable	27,807	(22,982)
Prepaid expenses	(14,242)	693
	<u>36,129</u>	<u>(4,039)</u>
Cash flow from (used by) operating activities	<u>24,468</u>	<u>(11,101)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(14,067)	(9,410)
Short term investments	291,880	93,408
Restricted cash reserve	(307,952)	-
Leasehold improvements	(52,498)	-
	<u>(82,637)</u>	<u>83,998</u>
Cash flow from (used by) investing activities	<u>(82,637)</u>	<u>83,998</u>
INCREASE (DECREASE) IN CASH FLOW	(58,169)	72,897
CASH AND SHORT TERM GUARANTEE INVESTMENT CERTIFICATES - BEGINNING OF YEAR	<u>232,914</u>	<u>160,016</u>
CASH AND SHORT TERM GUARANTEE INVESTMENT CERTIFICATES - END OF YEAR	\$ 174,745	\$ 232,913
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 130,711	\$ 198,354
Restricted environmental fund	44,033	34,560
	<u>\$ 174,744</u>	<u>\$ 232,914</u>

See notes to financial statements

WESTERN CANADA WILDERNESS COMMITTEE
Notes to Financial Statements
Year Ended April 30, 2014

1. NATURE AND PURPOSE OF ORGANIZATION

The Western Canada Wilderness Committee (the "Committee"), founded in 1980, is a non-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 a charitable organization registered under the Society Act of British Columbia and the Income Tax Act.

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

Fund Accounting

The Committee follows the restricted fund method of accounting for contributions. The accounts of the Committee are maintained in accordance with the principles of fund accounting in order that limitations and restrictions placed on the use of available resources are observed. The accounts have been classified into the following funds:

The General Fund accounts for general operations of the Committee.

The Capital Fund is comprised of property and equipment of the Committee. Donations assist with capital acquisitions, with shortfalls being funded by the general fund to enable interest and principal repayments.

The Restricted Environmental Fund consists of certain grants received by the Committee to be used for designated purposes, primarily related to specific environmental or education issues.

Revenue recognition

Restricted contributions and grants are recognized as revenue of the appropriate restricted fund when received.

Unrestricted contributions, grants, sales and membership dues 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.

Donated Goods and Services

The Committee records donated goods and services at their fair market value where that value can be reasonably estimated and the goods and services would normally be purchased by the Committee.

The Committee also relies upon time donated by volunteers. The value of services donated by volunteers cannot be reasonably estimated and, therefore, is not reflected in these financial statements.

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WESTERN CANADA WILDERNESS COMMITTEE
Notes to Financial Statements
Year Ended April 30, 2014

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

Cash and Equivalents

Cash and equivalents include funds held pursuant to grants received for specific projects. The Committee considers all investments with a maturity of three months or less to be cash equivalents

Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory is recognized as an expense when sold or written down to net realizable value. Any reversal of such a write-down arising from an increase in net realizable value is recognized as a reduction in expense in the period in which the reversal occurs.

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 and methods:

Computer equipment	4 years	straight-line method
Equipment	5 years	straight-line method
Motor vehicles	3 years	straight-line method
Leasehold improvements	5 years	straight-line method

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

Financial Instruments

In accordance with the Canadian Accounting Standards for Not-for-Profit Organizations, cash and cash equivalents, restricted environmental fund and short term investments are initially measured at fair value. Subsequent changes in fair value are recorded in the Statement of operation and changes in net assets. Accounts receivable is classified as receivable and accounts payable and accrued liabilities is classified as other financial liabilities, both of which are measured at amortized cost.

Transaction costs are expensed when incurred. Net gains and losses arising from changes in fair value are recognized in operations.

Unless otherwise noted, it is management's opinion that the Committee is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

Use of 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. Actual results could differ from these estimates.

3. SHORT TERM INVESTMENTS

The investments include term deposits that are maturing within one year. These investments are stated at cost which approximates fair value given the short-term nature of these investments.

WESTERN CANADA WILDERNESS COMMITTEE
Notes to Financial Statements
Year Ended April 30, 2014

4. INVENTORY

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

	2014	2013
Opening inventory, net realizable value	\$ 20,645	\$ 34,920
Purchase	18,814	15,068
Inventory available for sale	39,459	49,988
Recognized as expense when sold	(23,814)	(29,343)
	\$ 15,645	\$ 20,645

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	\$ 119,109	\$ 108,378	\$ 10,731	\$ 20,221
Equipment	92,159	91,832	327	591
Motor vehicles	22,236	12,145	10,091	2,334
Leasehold improvements	52,498	10,500	41,998	-
	\$ 286,002	\$ 222,855	\$ 63,147	\$ 23,146

(a) 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.

6. RESTRICTED CASH RESERVE

The restricted cash reserve is an internally restricted investment composed of term deposits mature within a year. The cost base of the investments approximates the fair value at the year end.

The Committee has set aside this portion of the general fund to secure future unexpected financial needs and program expansions.

7. BANK CREDIT FACILITY

CCEC Credit Union line of credit for up to \$30,000, secured by a \$30,000 term deposit, bearing interest at prime plus 1% per annum. As at the year end the line has not been used.

WESTERN CANADA WILDERNESS COMMITTEE
Notes to Financial Statements
Year Ended April 30, 2014

8. RELATED PARTY TRANSACTIONS

Daily operations of the Committee are managed by an executive team composed of four non-voting directors.

During the year the Committee paid the executive team salaries of \$161,562 (2013 - \$158,400) to three of the team members and management fees of \$24,264 (2013 - \$24,000) to a company controlled by the remainder member of the team.

9. COMMITMENTS

The Committee has entered into operating lease agreements for premises and equipment. The annual lease commitments under these leases are as follows:

2015	\$ 70,806
2016	65,433
2017	55,213
2018	57,713
2019	<u>37,500</u>
	<u>\$ 286,665</u>

10. CONTINGENT LIABILITY

- a) The Committee and three other parties have filed a claim against the Federal Government of Canada to demand that the Federal Government intervene under The Species At Risk Act to protect the spotted owls in BC. The Committee estimates that the cost of this legal action will total \$24,000 of which \$6,000 has been accrued as at the year end.
- b) 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 and 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. The Committee is unable to estimate the legal cost nor the outcome of the claim as at the year end. Accordingly, no amounts have been reflected in these financial statements in respect of this matter.
- c) Certain of the grants as recorded in the restricted environmental fund received by the Committee are subject to terms directing how these funds are to be spent. The Committee is required to prepare a report for the grantor showing how the funds were actually spent, and if the terms are not met the grantor can request the Committee to either rectify the deficiency, or request that the grant be returned to the grantor.
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