

**Yellowstone to Yukon
Conservation Initiative Foundation**

Financial Statements

December 31, 2017

Yellowstone to Yukon Conservation Foundation

Financial Statements

December 31, 2017

	Page
Independent Auditors' Report	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12

Independent Auditors' Report

To the Directors of Yellowstone to Yukon Conservation Foundation

We have audited the accompanying financial statements of Yellowstone to Yukon Conservation Foundation, which comprise the statement of financial position as at December 31, 2017, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the foundation'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 foundation'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yellowstone to Yukon Conservation Foundation as at December 31, 2017, 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.

**Edmonton, Canada
July 31, 2018**

Chartered Professional Accountants

Yellowstone to Yukon Conservation Foundation

Statement of Operations

For the year ended December 31,	2017	2016
Revenues		
Individual donations	\$ 280,135	\$ 143,743
Grants	248,479	263,364
Restricted donations	156,252	329,306
Corporate donations	129,074	55,495
Interest income	1,812	207
Miscellaneous income	855	-
	816,607	792,115
Expenditures		
Contract service	774,500	718,949
Insurance	-	1,100
Interest and bank charges	3,281	1,773
Professional fees	2,100	5,175
Research contracts	5,000	-
	784,881	726,997
Income before other income	31,726	65,118
Other income (expense)		
Unrealized (loss) gain on foreign exchange	6,148	(2,212)
Unrealized gain (loss) in market value	5,634	11,657
Dividend income	4,324	4,093
	16,106	13,538
Excess of revenues over expenditures	\$ 47,832	\$ 78,656

Yellowstone to Yukon Conservation Foundation

Statement of Changes in Net Assets

For the year ended December 31,	2017	2016
Unrestricted net assets, beginning of year	\$ 383,161	\$ 304,505
Excess of revenues over expenditures	47,832	78,656
Unrestricted net assets, end of year	\$ 430,993	\$ 383,161

Yellowstone to Yukon Conservation Foundation

Statement of Financial Position

December 31, 2017 2016

Assets

Current

Cash (note 3)	\$ 535,796	\$ 673,692
Marketable securities (note 4)	164,470	148,365
Accounts receivable	1,216	12,505

\$ 701,482 **\$ 834,562**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 3,500	\$ 3,501
Deferred contributions (note 5)	266,989	447,900

270,489 451,401

Net Assets

Unrestricted net assets **430,993** 383,161

\$ 701,482 **\$ 834,562**

Approved on behalf of the Board:

_____ Director

_____ Director

Yellowstone to Yukon Conservation Foundation

Statement of Cash Flows

For the year ended December 31,	2017	2016
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenditures	\$ 47,832	\$ 78,656
Item not affecting cash		
Unrealized (gain) loss on marketable securities	(5,634)	(11,657)
	42,198	66,999
Change in non-cash working capital items		
Accounts receivable	11,289	(5,305)
Prepaid expenses	-	8,665
Accounts payable and accrued liabilities	-	(6,065)
Deferred contributions	(180,911)	229,716
	(127,424)	294,010
Investing activities		
Reinvested dividends	(4,324)	(4,093)
Unrealized foreign exchange on US investments	(6,148)	2,212
	(10,472)	(1,881)
Increase (decrease) in cash	(137,896)	292,129
Cash, beginning of year	673,692	381,563
Cash, end of year	\$ 535,796	\$ 673,692
Cash consists of:		
Cash	\$ 335,796	\$ 673,692
Guaranteed Investment Certificate	200,000	-
	\$ 535,796	\$ 673,692

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2017

1. Nature of operations

Yellowstone to Yukon Conservation Foundation (the Foundation) was incorporated under the Societies Act of Alberta on July 11, 2002 and began operations in December 2005. The Foundation was designated a Charitable Organization by Canada Revenue Agency on October 31, 2005 and qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the Income Tax Act of Canada.

The Foundation along with Yellowstone to Yukon Conservation Initiative Society (Y2Y-Alberta) and Yellowstone to Yukon Conservation Initiative (Y2Y-Montana) forms the Yellowstone to Yukon (Y2Y) group. The Y2Y group works together to fund and facilitate the activities and programs that will connect and protect habitat from Yellowstone to Yukon so people and nature can thrive.

The Foundation is a registered charity and therefore operates as the primary Canadian fundraising entity. The Foundation has entered into an agency agreement with Y2Y-Alberta to provide the funding necessary for Y2Y-Alberta to carry out the charitable activities of the Foundation.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions and other revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes dividends and interest income recorded on the accrual basis, realized investment gains and losses as well as unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the statement of operations. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, money market funds and other highly liquid interest-bearing instruments.

(c) Foreign exchange

The Foundation uses the temporal method to translate its foreign currency transactions and balances.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2017

2. Significant accounting policies (continued)

(d) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Foundation subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation subsequently measures marketable securities at fair value, without adjustment for transaction costs and with changes in fair value recognized in operations in the period in which they occur.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(e) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Cash

Included in the current year's cash balance is a \$200,000 guaranteed investment certificate earning interest at a rate of 1.15%, maturing June 22, 2018.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2017

4. Marketable securities

Marketable securities consists of investments with RBC Direct Investing and are recorded at market value. Transaction fees for financial instruments subsequently measured at fair value are expensed in the period they are incurred. The purchase and sale of investments are accounted for using trade-date accounting.

	2017	2016
Canadian account		
Cash	\$ 9,924	\$ 7,614
Equities - Cost \$47,609 (2016 - \$47,609)	69,302	61,655
US account		
Cash	10,325	8,969
Equities - Cost \$45,777 (2016: \$45,777)	74,919	70,127
	\$ 164,470	\$ 148,365

5. Deferred contributions

Deferred contributions represent contributions received in the current year that are related to the expenditures for the subsequent year. Changes in the deferred contributions are as follows:

	2017	2016
Beginning balance	\$ 447,900	\$ 218,184
Less amount recognized as revenue in the year	(267,900)	(218,184)
Add amount received related to the following year	86,989	447,900
	\$ 266,989	\$ 447,900

6. Related party transactions

The Foundation is related to Yellowstone to Yukon Conservation Initiative Society (Y2Y-Alberta) through common management and three common members on their respective Boards of Directors.

The Foundation has entered into an agency agreement with Y2Y-Alberta to provide the funding necessary for Y2Y-Alberta to carry out the charitable activities of the Foundation.

	2017	2016
Expenses		
Contract services from Y2Y-Alberta	\$ 774,500	\$ 718,949

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2017

7. Financial instruments

Transacting in and holding of financial instruments exposes the Foundation to certain financial risks and uncertainties. These risks remain unchanged from prior year and include:

(a) 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 Foundation's exposure to credit risk relates to donors as well as investments in RBC and arises from the possibility that a donor or debtor does not fulfil its obligations. Management believes this risk is minimal as the Foundation has a significant number of donors and investments are with a well established financial institution which minimizes the concentration of credit risk. The Foundation performs continuous evaluation of its financial assets and records impairment in accordance with the stated policy.

(b) 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: interest rate risk, currency risk and other price risk. The Foundation is exposed to market risk as follows:

(i) 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. Aside from related party balances, the Foundation's interest-bearing financial instruments include fixed rate guaranteed investment certificate. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The Foundation does not employ derivative financial instruments to hedge its exposure to interest rate risk.

(ii) 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. At date of the Statement of Financial Position, the Foundation has foreign currency marketable securities and cash of \$85,244 (2016 - \$79,096) denominated in US Dollars and thus is exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

Yellowstone to Yukon Conservation Foundation

Notes to the Financial Statements

December 31, 2017

7. Financial instruments (continued)

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting all similar financial instruments or issuers. The Foundation's investments in guaranteed investment certificates and marketable securities exposes the Foundation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Foundation does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk by closely monitoring market rates of return and interest.