



CANADIAN WILDLIFE FEDERATION  
FÉDÉRATION CANADIENNE DE LA FAUNE

# Financial Statements

For the year ended February 28, 2010

**Canadian Wildlife Federation**  
**Financial Statements**  
For the year ended February 28, 2010

**Contents**

---

<b>Auditors' Report</b>	1
<b>Financial Statements</b>	
Balance Sheet	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	13
Schedule of Expenses	20

---

## Auditors' Report

---

### To the Members of Canadian Wildlife Federation

We have audited the balance sheet of Canadian Wildlife Federation as at February 28, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Federation as at February 28, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Collins Barrow Ottawa LLP*

Chartered Accountants, Licensed Public Accountants

June 6, 2010

## Canadian Wildlife Federation Balance Sheet

(Tabular amounts expressed in thousands of dollars)

February 28	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 1)	\$ 2,662	\$ 3,270
Accounts receivable	207	132
Prepaid expenses	283	417
	3,152	3,819
<b>Investments</b> (Note 2)	6,795	6,196
<b>Restricted investment</b> (Note 3)	200	200
<b>Capital assets</b> (Note 4)	2,319	2,133
<b>Deferred donor acquisition costs</b> (Note 5)	556	906
	\$ 13,022	\$ 13,254

### Liabilities and Net Assets

<b>Current</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 1,478	\$ 2,007
Current portion of membership obligations	400	422
	1,878	2,429
<b>Membership obligations</b>	127	140
	2,005	2,569
<b>Net assets</b>		
Restricted for endowment purposes (Notes 3 and 7)	200	200
Internally restricted reserves (Note 7)		
Invested in capital assets	2,319	2,133
Invested in deferred donor acquisition costs	556	906
Capital assets replacement	250	250
Working capital	3,339	2,960
Programs	4,094	3,079
Disbursement quota requirement	-	1,018
Net unrealized gain (loss) on investments (Note 2)	259	139
	11,017	10,685
	\$ 13,022	\$ 13,254

On behalf of the Board:

Larry Leigh \_\_\_\_\_

President

Bob Morris \_\_\_\_\_

Treasurer

## Canadian Wildlife Federation Statement of Changes in Net Assets

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28

2010

2009

	Internally Restricted Reserves										
	Restricted for Endowment Purposes	Invested in Capital Assets	Invested in Deferred Donor Acquisition Costs	Capital Assets Replace- ment	Working Capital	Programs	Disbursement Quota Require- ment	Net Unrealized Gain (Loss) on Investments (Note 2)	Unrestricted	Total	Total
Balance, beginning of year	\$ 200	\$ 2,133	\$ 906	\$ 250	\$ 2,960	\$ 3,079	\$ 1,018	\$ 139	\$ -	\$ 10,685	\$ 11,177
Excess (deficiency) of revenue over expenses for the year	-	(157)	(980)	-	-	-	-	120	1,349	332	(492)
Investment in capital assets	-	343	-	-	-	-	-	-	(343)	-	-
Investment in donor acquisition costs	-	-	630	-	-	-	-	-	(630)	-	-
Internal transfers	-	-	-	-	379	1,015	(1,018)	-	(376)	-	-
Balance, end of year	\$ 200	\$ 2,319	\$ 556	\$ 250	\$ 3,339	\$ 4,094	\$ -	\$ 259	\$ -	\$ 11,017	\$ 10,685

## Canadian Wildlife Federation Statement of Operations

(Tabular amounts expressed in thousands of dollars)

For the year ended February 28	2010	2009
<b>Revenue</b>		
Memberships	\$ 598	\$ 619
Donations	12,130	13,364
Bequests	1,617	1,931
Royalties and commissions	30	27
Education program revenue (Note 3)	300	308
Investment income (Note 2)	388	294
Other	37	117
	<b>15,100</b>	16,660
<b>Expenses (Schedule)</b>		
Conservation programs		
Education programs	7,552	9,306
Memberships - publications	675	564
Other programs	835	1,013
Support services		
Fundraising (Note 11)	4,392	4,910
General and administrative	1,314	1,350
Memberships - publications	-	9
	<b>14,768</b>	17,152
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 332</b>	<b>\$ (492)</b>

## Canadian Wildlife Federation Statement of Cash Flows

(Tabular amounts expressed in thousands of dollars)

<b>For the year ended February 28</b>	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 332	\$ (492)
Adjustments for		
Gain on disposal of capital assets	-	(13)
Amortization of capital assets	157	168
Amortization of donor acquisition costs	980	1,212
Net realized gain on non-current investments	(17)	(9)
Net unrealized gain on non-current investments (Note 2)	(120)	(47)
	1,332	819
Changes in non-cash working capital balances (Note 8)	(590)	675
	742	1,494
<b>Cash flows from investing activities</b>		
Proceeds on disposal of capital assets	-	17
Acquisition of capital assets	(343)	(113)
Increase in accounts payable and accrued liabilities related to capital expenditures (Note 6)	85	-
Donor acquisition costs capitalized	(630)	(1,308)
Net proceeds on disposal (cost of acquisition) of non-current investments	(462)	1,526
	(1,350)	122
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>(608)</b>	<b>1,616</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,270</b>	<b>1,654</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,662</b>	<b>\$ 3,270</b>
<b>Represented by</b>		
Cash (Note 1)	\$ 113	\$ 162
Money market funds (Note 1)	2,549	3,108
	\$ 2,662	\$ 3,270

---

# Canadian Wildlife Federation

## Summary of Significant Accounting Policies

February 28, 2010

---

### **Nature of Business**

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 to its members 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.

### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 periods in which they become known.

Significant estimates include assumptions used in estimating the fair value of investments, in establishing the useful lives and related amortization of capital assets, in estimating the amount, amortization period and future benefit of deferred donor acquisition costs, and in estimating provisions for accrued liabilities.

### **Financial Instruments**

The accounting standards for financial instruments require that financial assets and liabilities be classified according to their characteristics, management's intentions, or the choice of category in certain circumstances. Financial assets must be classified as either held-for-trading, held-to-maturity, available-for-sale or loans and receivables. Financial liabilities must be classified as held-for-trading or other liabilities. When initially recognized, financial assets and financial liabilities are recorded at fair value on the balance sheet. In subsequent periods, financial assets and financial liabilities classified as held-for-trading and financial assets classified as available-for-sale will be measured at fair value.

---

## Canadian Wildlife Federation Summary of Significant Accounting Policies

**February 28, 2010**

---

**Financial Instruments**  
(continued)

Gains or losses arising from a change in the fair value of financial assets and financial liabilities classified as held-for-trading are recognized in operations as they occur and are segregated by the Federation as a separate component of results of operations and a separate internally restricted component of net assets until realized or as a component of deferred contributions if the change in fair value of a held-for-trading financial asset is restricted. Changes in the fair value of available-for-sale financial assets are recorded as a direct increase or decrease in net assets until realized or there is a decline in value that is considered other than temporary in which case the loss will be recognized in operations.

Items that are classified in the following categories will be measured at amortized cost with gains or losses recognized in operations when realized or there has been a decline in value that is considered other than temporary. These categories are loans and receivables, investments held-to-maturity and financial liabilities not held for trading purposes.

The Federation's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and an operating line of credit.

Cash and cash equivalents, and investments are classified as held-for-trading and are recorded at fair value based on quoted market prices provided by the Federation's investment brokers.

Accounts receivable, accounts payable and accrued liabilities, and the operating line of credit are carried at amortized cost which is equivalent to fair value given their short-term maturities.

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

**Financial Instruments**  
**Disclosures**

The Federation has opted to disclose and present financial instruments under the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation in these financial statements instead of the more onerous CICA Handbook Sections 3862 and 3863, which is a permitted option for not-for-profit organizations in these standards.

---

## Canadian Wildlife Federation Summary of Significant Accounting Policies

**February 28, 2010**

---

### **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.

### **Transaction Costs**

Transaction costs, if any, related to the Federation's financial instruments are charged to operations as incurred.

### **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.

Membership fees are initially recorded as membership obligations on the balance sheet and the revenue derived therefrom is recognized over the term of the related magazine subscription.

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.

---

## Canadian Wildlife Federation Summary of Significant Accounting Policies

**February 28, 2010**

---

<b>Foreign Currency</b>	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 year end. Gains or losses resulting therefrom are included in the determination of excess (deficiency) of revenue over expenses for the year.						
<b>Contributed Services</b>	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 those services, contributed services are not recognized in the financial statements.						
<b>Capital Assets</b>	<p>Capital assets are recorded at cost. Donated 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:</p> <table><tr><td>Building and building improvements</td><td>40 years straight-line basis</td></tr><tr><td>Computer and office equipment</td><td>5 years straight-line basis</td></tr><tr><td>Office furniture</td><td>10 years straight-line basis</td></tr></table>	Building and building improvements	40 years straight-line basis	Computer and office equipment	5 years straight-line basis	Office furniture	10 years straight-line basis
Building and building improvements	40 years straight-line basis						
Computer and office equipment	5 years straight-line basis						
Office furniture	10 years straight-line basis						
<b>Donor Acquisition Costs</b>	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.						
<b>Expense Allocations</b>	<p>The Federation engages in education, conservation, memberships publications, fundraising and other 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 these programs. The Federation's general and administrative support expenses are not allocated to programs as an indirect cost.</p> <p>Both the education and fundraising programs include the use of the same materials, brochures and mailings. The cost of materials and brochures used directly by the education 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 education programs. A portion of the cost of these specific materials and brochures have been allocated from the fundraising program to the education program based on the estimated percentage of space of print dedicated to educational information in the specific material mailed.</p>						

---

## Canadian Wildlife Federation Summary of Significant Accounting Policies

February 28, 2010

---

### Changes in Accounting Standards

The CICA has revised certain Canadian generally accepted accounting principles for not-for-profit organizations as set out in CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations. These revisions relate to presentation and disclosure standards and hence have no impact on the Federation's net financial position or its results of operations. In addition, the CICA has issued a new standard, CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations.

These sections are effective for fiscal periods commencing on or after January 1, 2009, and accordingly, the Federation adopted these changes for the February 28, 2010 fiscal year's financial statements. The effects on the Federation's financial statement presentation and disclosure of adopting these changes are set out below. These changes in disclosure and presentation standards are required on a retrospective basis and comparative amounts have been reclassified on a similar basis where practicable.

The changes impacted the following:

#### Net Assets Invested in Capital Assets and Deferred Donor Acquisition Costs

The impact on the Federation's financial statements relate to the presentation of the Federation's balance sheet and statement of changes in net assets whereby the requirement to treat net assets invested in capital assets as a separate component of net assets is no longer required but rather can be presented as a category of internally restricted net assets when the Federation chooses to do so.

The Federation has chosen to continue to present net assets invested in capital assets separately but it is now categorized as internally restricted net assets.

In addition, the Federation has adopted the same presentation standard for its net assets invested in deferred donor acquisition costs.

#### Statement of Cash Flows

The change to the Federation's statement of cash flows relates to how cash and cash equivalents are defined. Cash and cash equivalents are now 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

## Canadian Wildlife Federation Summary of Significant Accounting Policies

February 28, 2010

**Changes in  
Account Standards  
(continued)**

Statement of Cash Flows (continued)

management, whereby the bank balance fluctuates frequently from positive to overdrawn, otherwise they would be considered a financing activity. Previously the Federation defined cash and cash equivalents as bank balances and investments. Therefore, cash and cash equivalents are now presented separately on the balance sheet and statement of cash flows, previously they were combined with the Federation's investments. In addition investments are presented on the balance sheet as non-current assets to more appropriately present the Federation's financial risk management policy as previously set out in this summary of significant accounting policies.

The Federation's statement of cash flows, expressed in thousands of dollars, has been reclassified as follows:

	<b>2010</b>	<b>2009</b>
Decrease in cash flows from operating activities representing the net realized gain on non-current investments	<b>\$ (17)</b>	<b>\$ (9)</b>
Increase (decrease) in cash flows from investing activities representing the net proceeds on disposal (cost of acquisition) of non-current investments	<b>(462)</b>	1,526
Decrease in cash flows from other activities representing the net unrealized gain on investments reclassified to investing activities	<b>(120)</b>	<b>(47)</b>
Increase (decrease) in the cash and cash equivalents balance for the year reclassified to investing activities representing the change in the carrying value of non-current investments	<b>(599)</b>	1,470
Decrease in the cash and cash equivalents balance at the beginning of the year representing the carrying value of non-current investments	<b>(6,196)</b>	<b>(7,666)</b>
Decrease in the cash and cash equivalents balance at the end of the year representing the carrying value of non-current investments	<b>\$ (6,795)</b>	<b>\$ (6,196)</b>

---

## Canadian Wildlife Federation Summary of Significant Accounting Policies

**February 28, 2010**

---

**Changes in  
Account Standards  
(continued)**

Statement of Cash Flows (continued)

	2010	2009
Cash and cash equivalents as previously defined	\$ 9,457	\$ 9,466
Impact of change in definition of cash and cash equivalents representing non-current investments reclassified to investing activities	(6,795)	(6,196)
Cash and cash equivalents as redefined	\$ 2,662	\$ 3,270

Presentation of Gross Revenues and Expenses

The impact on the Federation's statement of operations is the requirement to present and recognize revenues and expenses on a gross basis when an organization is acting as a principal in transactions and on a net basis when an organization is acting in an agency capacity. There was no impact of adopting this change since the Federation's presentation was consistent with these new standards in the current and prior fiscal year.

Presentation of Allocated Expenses

This change establishes disclosure standards for an organization that chooses to classify some or all of its expenses by functional category and allocates expenses to a number of functions to which the expenses relate. These disclosures include the Federation's policy for the allocation of general support and fundraising expenses to other functions including the nature of the expenses being allocated, the basis on which such allocations have been made and the amounts allocated. These additional disclosures have been included the accounting policy entitled expense allocations as previously set out in this summary of significant accounting policies and in Note 11 of these financial statements.

---

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

---

### 1. Cash and Cash Equivalents

	<u>2010</u>	<u>2009</u>
Cash	\$ 113	\$ 162
Money market funds	2,549	3,108
	<u>\$ 2,662</u>	<u>\$ 3,270</u>

Cash accounts are held in two financial institutions and bear interest. At year end, money market funds bear interest at 0.42% (2009 - 1.62%). 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.

The Federation has available an undrawn operating line of credit with its bank in the amount of \$500,000 at an interest rate of bank prime plus 0.75%.

---

### 2. Investments

Investments are comprised of fixed income Canadian government, provincial and corporate bonds, and other fixed income securities. The effective weighted interest rate of the investments is 2.28% (2009 - 2.93%). These investments are marketable securities and can be readily liquidated if necessary. However the investments are presented on the balance sheet as non-current assets to more appropriately present the Federation's financial risk management policy as set out in the summary of significant accounting policies. The carrying value of investments reflects their current market value.

Throughout the 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 gain of \$120,000 (2009 - \$47,000). This gain is recorded in investment income on the statement of operations.

The cumulative net unrealized gain at February 28, 2010 is \$259,000 (2009 - \$139,000) which is presented as an internally restricted reserve on the balance sheet.

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

### 3. 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 education program revenue is \$100,000 (2009 - \$150,000) of contributions from Environment Canada related to this agreement. This agreement expires March 31, 2012.

If either party terminates the agreement prior to its expiration, Environment Canada is only responsible for the eligible costs already incurred and non-reversible commitments by the Federation. In addition, in the event that Environment Canada reduces funding in response to the government's annual budget, a parliamentary or governmental spending restraint decision or a restructuring or reordering of the federal mandate and responsibilities, the unpaid amount of the agreement may be reduced by a percentage equal to or less than the percentage of the reduction.

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 0.42% (2009 - 1.62%). The interest earned on these restricted investments can be used as received to further fund this initiative.

### 4. Capital Assets

	2010			2009		
	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	2,042	474	1,568	1,918	422	1,496
Computer equipment	521	362	159	429	306	123
Office equipment	535	448	87	458	415	43
Office furniture	399	312	87	349	296	53
	<b>\$ 3,915</b>	<b>\$ 1,596</b>	<b>\$ 2,319</b>	<b>\$ 3,572</b>	<b>\$ 1,439</b>	<b>\$ 2,133</b>

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

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

---

### 5. Deferred Donor Acquisition Costs

	<u>2010</u>	<u>2009</u>
Cost	\$ 3,169	\$ 3,279
Less: Accumulated amortization	<u>2,613</u>	<u>2,373</u>
Net book value	<u>\$ 556</u>	<u>\$ 906</u>

Each year the cost and accumulated amortization of fully amortized acquisitions are removed from the Federation's records which for 2010 was \$739,000 (2009 - \$665,000).

---

### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include \$nil Canadian (2009 - \$424,000 Canadian) denominated in U.S. dollars. In addition, accounts payable and accrued liabilities include \$85,000 (2009 - \$nil) related to capital expenditures.

---

### 7. Capital Disclosures

The Federation's capital disclosures are in accordance with CICA Handbook Section 1535, Capital Disclosures, which establishes standards for disclosure of information related to an entity's objectives, policies and procedures for managing capital.

The Federation's capital is comprised of its net assets which as at February 28, 2010 totaled \$11,017,000 (2009 - \$10,685,000). Of the Federation's capital, \$2,319,000 (2009 - \$2,133,000) is internally restricted to fully finance the Federation's investment in its capital assets and \$556,000 (2009 - \$906,000) is internally restricted to fully finance the Federation's investment in its deferred donor acquisition costs. As set out in Note 3, \$200,000 (2009 - \$200,000) of the Federation's capital is set aside for endowment purposes. As at February 28, 2010 the Federation's other internally restricted net assets totaled \$7,683,000 (2009 - \$7,307,000) as presented on the Federation's balance sheet and in accordance with the policy approved by the Federation's Executive Committee as further described herein. 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 membership fee structure.

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

---

### 7. **Capital Disclosures** (continued)

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.
- The Programs Reserve is to provide for funds, if any, which are available to allow for the continuance of conservation programs.
- The Disbursement Quota Requirement Reserve is to provide for funds, if any, which are available to aid the Federation in meeting the Canada Revenue Agency Disbursement Quota requirement related to charitable program spending. This reserve does not represent the Federation's full Disbursement Quota requirement, but rather funds available to meet a portion of the requirement should the need arise.

Since the Federation's investments have been classified as held-for-trading financial assets, 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 at February 28, 2010 of \$259,000 (2009 - \$139,000) as a separate component of internally restricted net assets entitled net unrealized gain (loss) 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 membership obligations related to membership contributions which are deferred revenue at February 28, 2010 totalling \$527,000 (2009 - \$562,000). These funds are available to finance the Federation's subsequent years' operations.

The Federation's financial risk management policies, as set out in the summary of significant accounting policies, 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 as set out in Note 1, 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.

The Federation is not subject to externally imposed requirements on its capital except as set out in Note 3 with respect to its net assets restricted for endowment purposes.

In addition, as set out in Note 9, the Federation controls The Canadian Wildlife Foundation which has not been consolidated in these financial statements. As such the net assets referred to in this note exclude the Foundation.

---

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

---

### 8. Statement of Cash Flows

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>2010</u>	<u>2009</u>
Accounts receivable	\$ (75)	\$ 38
Prepaid expenses	134	53
Accounts payable and accrued liabilities excluding amounts related to capital expenditures (Note 6)	(614)	537
Membership obligations Current and non-current	<u>(35)</u>	<u>47</u>
	<u>\$ (590)</u>	<u>\$ 675</u>

---

### 9. 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 the Federation's financial statements. Financial statements of the Foundation are available on request. A summary of this unconsolidated entity's assets, liabilities, fund balances, revenues and expenses for the year ended February 28, 2010 with comparative amounts for the year ended February 28, 2009 is as follows:

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

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

	2010			2009	
	General Fund	Restricted Funds	Endowment Funds	Total	Total
<b>Assets</b>	\$ 1,516	\$ 469	\$ 224	\$ 2,209	\$ 1,740
<b>Liabilities</b>	\$ 28	\$ 10	\$ -	\$ 38	\$ 30
<b>Fund balances</b>					
Externally restricted	-	435	224	659	829
Internally restricted	968	-	-	968	926
Operating	358	-	-	358	515
Net unrealized gain (loss) on investments	162	24	-	186	(560)
	1,488	459	224	2,171	1,710
	\$ 1,516	\$ 469	\$ 224	\$ 2,209	\$ 1,740
<b>Revenue</b>	\$ 152	\$ 20	\$ 1	\$ 173	\$ 229
<b>Investment revenue (losses)</b>	414	70	-	484	(1,004)
<b>Expenses</b>	(38)	(158)	-	(196)	(166)
<b>Excess (deficiency) of revenue over expenses for the year</b>	528	(68)	1	461	(941)
<b>Fund balances, beginning of year</b>	960	527	223	1,710	2,651
<b>Fund balances, end of year</b>	\$ 1,488	\$ 459	\$ 224	\$ 2,171	\$ 1,710

The Restricted Funds of \$435,000 (2009 - \$606,000) include the Canadian Wildlife Fund in the amount of \$281,000 (2009 - \$412,000). The Canadian Wildlife Fund was established by the Federation to fund various conservation programs.

The Foundation's General Fund includes an internally restricted balance which represents its permanent capital in the amount of \$968,000 (2009 - \$926,000). The increase in permanent capital was \$42,000 (2009 - \$76,000) as a result of memorial donations and life membership fees received from the Federation.

The Foundation's investments have been classified as held-for-trading financial assets. 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.

---

## Canadian Wildlife Federation Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars)

**February 28, 2010**

---

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

In addition, from time to time, the Federation and Foundation provide funding for each other's programs. Funding for the 2010 fiscal year consisted of \$10,000 from the Foundation to the Federation. There was no funding by either organization for the 2009 fiscal year.

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.

Balances due to and from the Foundation that result from these transactions are interest free and are payable on demand. There were no significant amounts payable for 2010 or 2009.

---

10. **Employee Benefits**

The Federation participates in a defined contribution plan providing pension benefits to eligible employees. The expense for the plan for the year is \$87,000 (2009 - \$88,000) which represents the Federation's required current contributions to the plan for the year.

---

11. **Fundraising Expenses**

Fundraising expenses reported in the statement of operations of \$4,392,000 (2009 - \$4,910,000) are reported after the allocation of \$2,733,000 (2009 - \$3,862,000) to the education programs representing the cost of materials, brochures and mailings that are co-mailed with the Federation's direct mail campaigns.

---

12. **Comparative Amounts**

In certain limited instances, 2009 amounts presented for comparative purposes have been reclassified to conform to the financial statement presentation adopted for the current year.

---

## Canadian Wildlife Federation Schedule of Expenses

(Tabular amounts expressed in thousands of dollars)

**For the year ended February 28, 2010**

	Conservation Programs			Support Services		Total 2010	Total 2009
	Education Programs	Memberships - Publications	Other Programs	Fund- Raising	General and Adminis- trative -		
Printing, publication and distribution	\$ 4,997	\$ 577	\$ 171	\$ 2,568	\$ 8	\$ 8,321	\$ 9,889
Salaries, benefits and related expenses	1,815	49	368	342	632	3,206	3,654
Occupancy	112	-	28	17	20	177	173
Communications and data processing	154	49	39	351	406	999	960
Annual convention, other meetings and conferences	339	-	203	-	151	693	746
Amortization of capital assets	71	-	18	34	34	157	168
Amortization of donor acquisition costs	-	-	-	980	-	980	1,212
Other	64	-	8	100	63	235	350
	<b>\$ 7,552</b>	<b>\$ 675</b>	<b>\$ 835</b>	<b>\$ 4,392</b>	<b>\$ 1,314</b>	<b>\$ 14,768</b>	<b>\$ 17,152</b>