

**AMERICAN FRIENDS OF NATURE
CONSERVANCY OF CANADA, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2017

INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Friends of Nature Conservancy of Canada, Inc.

We have audited the accompanying balance sheets of American Friends of Nature Conservancy of Canada, Inc. (formerly Friends of the Nature Conservancy of Canada, Inc.) (the Organization) as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



September 18, 2017

AMERICAN FRIENDS OF NATURE CONSERVANCY OF CANADA, INC.

Balance Sheets

| June 30, | 2017 | 2016 |
|------------------------------------|------------|------------|
| Assets: | | |
| Cash | \$ 78,922 | \$ 89,450 |
| Pledges receivable (Note 2) | 200,000 | 307,500 |
| Land (Note 3) | 102,870 | - |
| | <hr/> | |
| | \$ 381,792 | \$ 396,950 |
| Liabilities and Net Assets: | | |
| Liabilities: | | |
| Accrued expenses | \$ 6,100 | \$ 5,900 |
| Net assets: | | |
| Unrestricted | 14,322 | 21,108 |
| Temporarily restricted (Note 4) | 361,370 | 369,942 |
| | <hr/> | |
| | 375,692 | 391,050 |
| | <hr/> | |
| | \$ 381,792 | \$ 396,950 |

AMERICAN FRIENDS OF NATURE CONSERVANCY OF CANADA, INC.

Statements of Activities

| For the years ended June 30, | 2017 | 2016 |
|--|-------------------|-------------------|
| Unrestricted net assets: | | |
| Support and revenue: | | |
| Contributions | \$ 1,298 | \$ 5,005 |
| Net assets released from restrictions | 571,566 | 489,675 |
| Total unrestricted support and revenue | <u>572,864</u> | <u>494,680</u> |
| Expenses: | | |
| Program | 571,535 | 489,670 |
| General and administrative | 8,115 | 10,444 |
| Total expenses | <u>579,650</u> | <u>500,114</u> |
| Change in unrestricted net assets | <u>(6,786)</u> | <u>(5,434)</u> |
| Temporarily restricted net assets: | | |
| Contributions | 562,994 | 856,735 |
| Net assets released from restrictions | (571,566) | (489,675) |
| Change in temporarily restricted net assets | <u>(8,572)</u> | <u>367,060</u> |
| Change in net assets | (15,358) | 361,626 |
| Net assets - beginning | <u>391,050</u> | <u>29,424</u> |
| Net assets - ending | <u>\$ 375,692</u> | <u>\$ 391,050</u> |

AMERICAN FRIENDS OF NATURE CONSERVANCY OF CANADA, INC.

Statements of Cash Flows

| For the years ended June 30, | 2017 | 2016 |
|--|------------------|------------------|
| Operating activities: | | |
| Change in net assets | \$ (15,358) | \$ 361,626 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Contributed land | (102,870) | - |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | 107,500 | (307,500) |
| Accrued expenses | 200 | 100 |
| | <hr/> | <hr/> |
| Net operating activities | (10,528) | 54,226 |
| Cash - beginning | <hr/> | <hr/> |
| | 89,450 | 35,224 |
| | <hr/> | <hr/> |
| Cash - ending | \$ 78,922 | \$ 89,450 |

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

American Friends of Nature Conservancy of Canada, Inc. (formerly Friends of the Nature Conservancy of Canada, Inc.) (the Organization) is a nonprofit corporation established to identify, preserve and manage lands having significant natural values, preserve biological diversity and educate and inform the public on related issues.

The Organization primarily supports projects of the Nature Conservancy of Canada (NCC), a Canadian nonprofit organization with the same mission. Contributions to NCC totaled \$568,057 and \$479,670 for the years ended June 30, 2017 and 2016.

Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 18, 2017, the date the financial statements were available to be issued.

Support:

Contributions are measured at their fair values on the date the contribution is made, and are reported as an increase in net assets. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

For the year ended June 30, 2017, approximately 58% of total contributions were received from four donors. For the year ended June 30, 2016, approximately 75% of total contributions were received from three donors.

Cash:

Cash in financial institutions in excess of federally insured limits may subject the Organization to concentrations of credit risk at various times throughout the year.

Income Taxes:

The Organization is a 501(c) (3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Pledges Receivable:

Pledges receivable at June 30, 2017 consists of one pledge restricted for a specific project. The full balance is expected to be received over the next two years.

3. Land:

Land was donated to the Organization in fiscal 2017. This land, which had an appraised value of \$102,870, is expected to be contributed to NCC in fiscal 2018.

4. Temporarily Restricted Net Assets:

Net assets totaling \$361,370 and \$369,942 at June 30, 2017 and 2016 are restricted for specific conservation projects supported by the Organization.