

AMERICAN FRIENDS OF CANADIAN NATURE INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Friends of Canadian Nature Inc.

We have audited the accompanying balance sheets of American Friends of Canadian Nature Inc. (the Organization) as of June 30, 2019 and 2018, 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, 2019 and 2018, 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 30, 2019

AMERICAN FRIENDS OF CANADIAN NATURE INC.

Balance Sheets

June 30,	2019	2018
Assets:		
Cash	\$ 216,970	\$ 263,390
Pledges receivable (Note 2)	600,688	103,000
Land (Note 3)	45,066	104,657
	<u>\$ 862,724</u>	<u>\$ 471,047</u>
Liabilities and Net Assets:		
Liabilities:		
Accrued expenses and accounts payable	\$ 7,309	\$ 64,550
Net assets:		
Without donor restrictions	15,707	6,772
With donor restrictions (Note 4)	839,708	399,725
	<u>855,415</u>	<u>406,497</u>
	<u>\$ 862,724</u>	<u>\$ 471,047</u>

Statements of Activities

For the years ended June 30,	2019	2018
Net assets without donor restrictions:		
Support and revenue:		
Contributions	\$ 28,747	\$ 1,131
Net assets released from restrictions	<u>1,310,143</u>	481,275
Total revenue and other support	<u>1,338,890</u>	482,406
Expenses:		
Program		
Grants to others	1,310,075	481,248
General and administrative		
Professional fees	18,846	8,225
Other	<u>1,034</u>	483
Total expenses	<u>1,329,955</u>	489,956
Change in net assets without donor restrictions	<u>8,935</u>	(7,550)
Net assets with donor restrictions:		
Contributions	1,750,126	519,630
Net assets released from restrictions	<u>(1,310,143)</u>	(481,275)
Change in net assets with donor restrictions	<u>439,983</u>	38,355
Change in net assets	448,918	30,805
Net assets - beginning	<u>406,497</u>	375,692
Net assets - ending	<u>\$ 855,415</u>	\$ 406,497

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Statements of Cash Flows

For the years ended June 30,	2019	2018
Operating activities:		
Change in net assets	\$ 448,918	\$ 30,805
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributed land, net	59,591	(1,787)
Changes in operating assets and liabilities:		
Pledges receivable	(497,688)	97,000
Accrued expenses and accounts payable	(57,241)	58,450
Net operating activities	(46,420)	184,468
Cash - beginning	263,390	78,922
Cash - ending	\$ 216,970	\$ 263,390

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

American Friends of Canadian Nature Inc. (formerly American Friends of 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 \$797,075 and \$376,828 for the years ended June 30, 2019 and 2018.

Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 30, 2019, 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

For the year ended June 30, 2019, approximately 77% of total contributions were received from three donors. For the year ended June 30, 2018, approximately 84% of total contributions were received from four 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:

	2019	2018
Amounts receivable in less than 1 year	\$ 245,048	\$ 103,000
Amounts receivable in 1 to 3 years	355,640	-
	<u>\$ 600,688</u>	<u>\$ 103,000</u>

3. Land:

Land was donated to the Organization in fiscal 2019. This land, which had an appraised value of \$45,066, is expected to be contributed to NCC in fiscal 2020. Land donated in fiscal 2018 with an appraised value of \$104,657 was contributed to NCC in fiscal 2019.

4. Net Assets With Donor Restrictions:

Net assets totaling \$839,708 and \$399,725 at June 30, 2019 and 2018 are restricted for specific conservation projects supported by the Organization.

5. Financial Assets Available for Operations:

The Organization funds its operations primarily through contributions. The Organization’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of cash not subject to restrictions totaling \$23,016 and \$71,322 at June 30, 2019 and 2018.