

AMERICAN FRIENDS OF CANADIAN NATURE INC.

FINANCIAL STATEMENTS

JUNE 30, 2022



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Friends of Canadian Nature Inc.

Opinion

We have audited the accompanying balance sheets of American Friends of Canadian Nature Inc. (the Organization) as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Lyman & McCormick, LLP". The signature is written in a cursive, flowing style.

October 20, 2022

AMERICAN FRIENDS OF CANADIAN NATURE INC.

Balance Sheets

June 30,	2022	2021
Assets:		
Cash	\$ 16,554	\$ 64,521
Pledges receivable (Note 2)	2,089,171	1,165,665
Land (Note 3)	375,897	375,897
	\$ 2,481,622	\$ 1,606,083
Liabilities and Net Assets:		
Liabilities:		
Accrued expenses and accounts payable	\$ 7,201	\$ 6,625
Net assets:		
Without donor restrictions (deficit)	(2,897)	(483)
With donor restrictions (Note 4)	2,477,318	1,599,941
	2,474,421	1,599,458
	\$ 2,481,622	\$ 1,606,083

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Statements of Activities

For the years ended June 30,	2022	2021
Net assets without donor restrictions:		
Support and revenue:		
Contributions	\$ 13,278	\$ 7,611
Investment loss	(699)	(493)
Net assets released from restrictions	2,472,399	865,430
Total support and revenue	<u>2,484,978</u>	<u>872,548</u>
Expenses:		
Program		
Grants to others	2,477,399	865,160
General and administrative		
Professional fees	9,151	12,831
Other	842	260
Total expenses	<u>2,487,392</u>	<u>878,251</u>
Change in net assets without donor restrictions	<u>(2,414)</u>	<u>(5,703)</u>
Net assets with donor restrictions:		
Contributions	3,349,776	1,073,892
Net assets released from restrictions	<u>(2,472,399)</u>	<u>(865,430)</u>
Change in net assets with donor restrictions	<u>877,377</u>	<u>208,462</u>
Change in net assets	<u>874,963</u>	<u>202,759</u>
Net assets - beginning	<u>1,599,458</u>	<u>1,396,699</u>
Net assets - ending	<u>\$ 2,474,421</u>	<u>\$ 1,599,458</u>

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Statements of Cash Flows

For the years ended June 30,	2022	2021
Operating activities:		
Change in net assets	\$ 874,963	\$ 202,759
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Contributed land, net	-	(330,831)
Changes in operating assets and liabilities:		
Pledges receivable	(923,506)	179,188
Accrued expenses and accounts payable	576	100
	(47,967)	51,216
Net operating activities		
Cash - beginning	64,521	13,305
Cash - ending	\$ 16,554	\$ 64,521

AMERICAN FRIENDS OF CANADIAN NATURE INC.

Notes to Financial Statements**1. Summary of Significant Accounting Policies:****Organization:**

American Friends of Canadian Nature 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 \$2,320,899 and \$859,475 for the years ended June 30, 2022 and 2021.

Subsequent Events:

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 20, 2022, 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, 2022, approximately 98% of total contributions were received from five donors. For the year ended June 30, 2021, approximately 95% 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:

	2022	2021
Amounts receivable in less than 1 year	\$ 1,361,975	\$ 475,863
Amounts receivable in 1 to 2 years	727,196	689,802
	<u>\$ 2,089,171</u>	<u>\$ 1,165,665</u>

3. Land:

Land was donated to the Organization in fiscal 2022 with an appraisal value of \$120,217. The land was then contributed to NCC in fiscal 2022. Land with an appraised value of \$427,000 was pledged to the Organization in fiscal 2022, and is included in pledges receivable. The Organization expects to receive this land and contribute it to NCC in fiscal 2023.

Land was donated to the Organization in fiscal 2021. This land, which had an appraised value of \$375,897, is expected to be contributed to NCC in fiscal 2023.

4. Net Assets With Donor Restrictions:

Net assets totaling \$2,477,318 and \$1,599,941 at June 30, 2022 and 2021 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 \$4,304 and \$6,142 on June 30, 2022, and 2021.

6. Risks and Uncertainties due to COVID-19:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations.

The extent of the impact of COVID-19 on the Organization's future operational and financial performance will depend on further developments, including the duration and spread of the outbreak, and impact on donors and vendors, all of which cannot be predicted.