

Combined Financial Statements of

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE
CANADA AND WORLD WILDLIFE FUND
CANADA FOUNDATION - FONDATION DU
FONDS MONDIAL POUR LA NATURE
CANADA**

Year ended June 30, 2018



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INDEPENDENT AUDITORS' REPORT

To the Members of World Wildlife Fund Canada -
Fonds mondial pour la nature Canada and
World Wildlife Fund Canada Foundation -
Fondation du fonds mondial pour la nature Canada

We have audited the accompanying combined financial statements of World Wildlife Fund Canada - Fonds mondial pour la nature Canada and World Wildlife Fund Canada Foundation - Fondation du fonds mondial pour la nature Canada, which comprise the combined statement of financial position as at June 30, 2018, the combined statements of operations and changes in fund balances, specific operating funds and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined 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. 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 combined financial statements.



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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 combined financial statements present fairly, in all material respects, the financial position of World Wildlife Fund Canada - Fonds mondial pour la nature Canada and World Wildlife Fund Canada Foundation - Fondation du fonds mondial pour la nature Canada as at June 30, 2018, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 19, 2018
Vaughan, Canada

**WORLD WILDLIFE FUND CANADA -
FONDS MONDIAL POUR LA NATURE CANADA AND
WORLD WILDLIFE FUND CANADA FOUNDATION -
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Combined Statement of Financial Position
(In thousands of dollars)

June 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,942	\$ 6,624
Accounts receivable (note 5(b))	656	526
Prepaid expenses and other assets	632	448
	<u>7,230</u>	<u>7,598</u>
Investments (note 4)	19,411	18,887
Property and equipment (note 6)	539	262
Capital assets under lease (note 6)	147	-
	<u>\$ 27,327</u>	<u>\$ 26,747</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,522	\$ 1,176
Current portion of obligations under capital leases (note 7)	46	-
	<u>1,568</u>	<u>1,176</u>
Long-term obligations under capital leases (note 7)	93	-
Fund balances:		
Operating funds:		
Unrestricted	1,914	1,353
Restricted	7,026	7,999
	<u>8,940</u>	<u>9,352</u>
Capital funds:		
In trust and other capital (note 8)	14,407	15,156
Planned giving	1,772	801
Property and equipment	547	262
	<u>16,726</u>	<u>16,219</u>
	<u>25,666</u>	<u>25,571</u>
Commitments (note 12)		
	<u>\$ 27,327</u>	<u>\$ 26,747</u>

See accompanying notes to combined financial statements.

On behalf of the Board:

_____ Director

_____ Director

**WORLD WILDLIFE FUND CANADA -
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FONDATION DU FONDS MONDIAL POUR LA NATURE CANADA**

Combined Statement of Operations and Changes in Fund Balances
(In thousands of dollars)

Year ended June 30, 2018, with comparative information for 2017

					2018	2017
	Operating funds	In trust and other capital	Planned giving	Property and equipment	Total	Total
Revenue:						
Donations:						
Individual	\$ 10,847	\$ -	\$ 1,996	\$ -	\$ 12,843	\$ 12,362
Corporations	2,313	-	-	-	2,313	2,340
Foundations	3,912	-	-	-	3,912	2,349
Other not-for-profit	251	-	-	-	251	225
Government	1,127	-	-	-	1,127	306
WWF family (note 5(a))	1,641	-	-	-	1,641	1,588
Earned:						
Product sales, event promotions and fees	1,042	-	-	-	1,042	1,010
Investment earnings	264	776	-	-	1,040	1,083
	21,397	776	1,996	-	24,169	21,263
Expenses:						
Conservation:						
Program implementation (notes 5(a) and 10)	11,347	-	-	-	11,347	10,606
Research and grants	2,589	-	-	-	2,589	2,040
Raising awareness (note 10)	3,548	-	-	-	3,548	3,281
Lobbying	41	-	-	-	41	4
	17,525	-	-	-	17,525	15,931
Fundraising and administration (note 11)	5,957	59	224	18	6,258	5,965
Amortization of property and equipment	-	-	-	176	176	165
	23,482	59	224	194	23,959	22,061
Excess (deficiency) of revenue over expenses before fair value changes on investments	(2,085)	717	1,772	(194)	210	(798)
Fair value changes on investments	(52)	(63)	-	-	(115)	765
Excess (deficiency) of revenue over expenses	(2,137)	654	1,772	(194)	95	(33)
Fund balances, beginning of year	9,352	15,156	801	262	25,571	25,604
Interfund transfers	1,725	(1,403)	(801)	479	-	-
Fund balances, end of year	\$ 8,940	\$ 14,407	\$ 1,772	\$ 547	\$ 25,666	\$ 25,571

See accompanying notes to combined financial statements.

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FONDS MONDIAL POUR LA NATURE CANADA AND
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Combined Statement of Specific Operating Funds and Changes in Fund Balances
(In thousands of dollars)

Year ended June 30, 2018, with comparative information for 2017

	Restricted					Unrestricted	Total	Total
	Arctic	Oceans	Fresh water	Community engagement	Global conservation and other			
Revenue:								
Donations:								
Individual	\$ 271	\$ 180	\$ 5	\$ –	\$ 40	\$ 10,351	\$ 10,847	\$ 10,760
Corporations	96	61	738	356	363	699	2,313	2,340
Foundations	2,077	173	719	50	714	179	3,912	2,349
Other non-profit	–	–	13	–	–	238	251	225
Government	50	1,041	33	–	3	–	1,127	306
WWF family (note 5(a))	1,601	–	–	–	25	15	1,641	1,588
Product sales, event promotions and fees	–	(10)	74	227	4	747	1,042	1,010
Investments	9	–	–	–	–	255	264	131
	4,104	1,445	1,582	633	1,149	12,484	21,397	18,709
Expenses:								
Conservation:								
Program implementation (notes 5(a) and 10)	4,389	2,742	1,126	841	2,145	104	11,347	10,606
Research and grants	1,187	172	722	305	203	–	2,589	2,040
Raising awareness (note 10)	–	–	–	–	–	3,548	3,548	3,281
Lobbying	13	19	5	–	4	–	41	4
	5,589	2,933	1,853	1,146	2,352	3,652	17,525	15,931
Fundraising and administration (note 11)	–	–	–	–	–	5,957	5,957	5,567
	5,589	2,933	1,853	1,146	2,352	9,609	23,482	21,498
Excess (deficiency) of revenue over expenses before the undernoted	(1,485)	(1,488)	(271)	(513)	(1,203)	2,875	(2,085)	(2,789)
Fair value changes on investments	–	–	–	–	–	(52)	(52)	40
Transfer from the Foundation (note 8(b))	–	36	–	105	3	1,259	1,403	594
Excess (deficiency) of revenue over expenses	(1,485)	(1,452)	(271)	(408)	(1,200)	4,082	(734)	(2,155)
Fund balances, beginning of year	5,447	607	371	826	748	1,353	9,352	10,553
Interfund transfers:								
Operating	763	1,206	595	(8)	1,287	(3,843)	–	–
Property and equipment	–	–	–	–	–	(479)	(479)	(152)
Planned giving	–	–	–	–	–	801	801	1,106
Fund balances, end of year	\$ 4,725	\$ 361	\$ 695	\$ 410	\$ 835	\$ 1,914	\$ 8,940	\$ 9,352
Comprising:								
Unrestricted	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,914	\$ 1,914	\$ 1,353
Restricted	4,725	361	695	410	835	–	7,026	7,999
	\$ 4,725	\$ 361	\$ 695	\$ 410	\$ 835	\$ 1,914	\$ 8,940	\$ 9,352

See accompanying notes to combined financial statements.

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FONDS MONDIAL POUR LA NATURE CANADA AND
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Combined Statement of Cash Flows
(In thousands of dollars)

Year ended June 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 95	\$ (33)
Items not involving cash:		
Amortization of property and equipment	176	165
Fair value changes in investments	115	(765)
Change in non-cash operating working capital:		
Accounts receivable	(130)	272
Prepaid expenses and other assets	(184)	112
Accounts payable and accrued liabilities	346	(763)
	418	(1,012)
Financing activities:		
Increase in obligations under capital leases	150	-
Repayment of obligations under capital leases	(11)	-
	139	-
Investing activities:		
Additions to property and equipment	(618)	(152)
Loss on disposal of property and equipment	18	-
Purchase of investments, net	(639)	(288)
	(1,239)	(440)
Decrease in cash and cash equivalents	(682)	(1,452)
Cash and cash equivalents, beginning of year	6,624	8,076
Cash and cash equivalents, end of year	\$ 5,942	\$ 6,624

See accompanying notes to combined financial statements.

WORLD WILDLIFE FUND CANADA - FONDS MONDIAL POUR LA NATURE CANADA AND WORLD WILDLIFE FUND CANADA FOUNDATION - FONDATION DU FONDS MONDIAL POUR LA NATURE CANADA

Notes to Combined Financial Statements
(In thousands of dollars)

Year ended June 30, 2018

1. Basis of presentation:

These combined financial statements represent the combined financial statements of the individual entities, World Wildlife Fund Canada - Fonds mondial pour la nature Canada (the "Fund") and World Wildlife Fund Canada Foundation - Fondation du fonds mondial pour la nature Canada (the "Foundation"), collectively ("WWF-Canada"). The Fund is a national registered charity formed to collect, manage and disburse funds through suitable bodies or individuals for the conservation of fauna, flora, forests, landscape, water, soils and other natural resources in Canada and elsewhere, by research and investigation, education at all levels, information and publicity, coordination of efforts, cooperation with other interested parties and all other appropriate means. The Foundation is a registered Canadian charitable foundation and is the legal body responsible for administering assets donated to be held in trust and other capital funds designated by the Board of Directors. The Fund and the Foundation were incorporated on May 16, 1967 and August 17, 1982, respectively, by letters patent issued under Part 2 of the Canada Corporations Act, without share capital, and were continued under the Canada Not-for-profit Corporations Act on July 22, 2013. Both organizations are registered charities under the Income Tax Act (Canada) and, accordingly, are exempt from income taxes. The Fund and the Foundation share a common board.

Audited financial statements for each of these entities, as at June 30, 2018 and 2017 and for the years ended June 30, 2018 and 2017, are available.

2. Conservation programs:

(a) Canadian conservation:

Canada is home to 20 percent of the world's fresh water, three oceans, the longest coastline of any country in the world and abundant natural lands in between. Canadians share this space with about 140,000 other known species and tens of thousands more that have not been identified.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

2. Conservation programs (continued):

WWF-Canada undertakes priority programs in ocean, Arctic, and freshwater wildlife conservation as well as nature in communities, science research and innovation and Quebec and Francophone Canada to achieve the following using the best available science:

(i) Marine and coastal protections:

Ensure strong, science-based protections for marine and coastal areas that are essential for wildlife and treasured by communities.

(ii) Healthy freshwater ecosystems:

WWF-Canada nationwide assessment of all 25 major freshwater ecosystems addresses a data gap and informs how WWF-Canada engage Canadians to build healthy and resilient watersheds to sustain people and nature.

(iii) Responsible development solutions that conserve wildlife:

WWF-Canada works with community associations, indigenous peoples, research institutions, governments, businesses and others to create solutions that conserve wildlife and critical habitat.

(iv) Low-impact sustainable fisheries:

This work addresses the sustainability of small fish that are the basis of healthy marine ecosystems. WWF-Canada is also helping Arctic communities develop small-scale sustainable fisheries.

(v) Habitat-friendly renewable energy:

WWF-Canada goal is 100 percent renewable energy by 2050 or before. WWF-Canada is working with governments, communities, industry partners and financial institutions to ensure more renewable-energy projects happen faster and do not harm nature and wildlife.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

2. Conservation programs (continued):

(vi) Engaging Canadians in protecting nature:

WWF-Canada's Wildlifer campaign, for example, targets having at least one in 10 Canadians actively involved in hands-on action to wildlife habitat improvement by 2020.

(b) Global conservation:

Like many Canadians, WWF-Canada is part of a family that reaches around the world. Integrated with WWF-Canada's work in Canada, the organization plays a key role in critical tiger conservation in Nepal and provides Canadian leadership and support for other global programs and initiatives important to Canada and Canadians.

3. Significant accounting policies:

The financial statements of WWF-Canada are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The accrual basis of accounting is used for reporting all revenue and expenses.

(a) Revenue recognition:

WWF-Canada follows the restricted fund method of accounting for contributions:

- (i) Restricted contributions are recognized as revenue of the related restricted fund when received or receivable. Contributions are recognized in the respective fund if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions for which no corresponding restricted fund is presented are recognized in the operating fund in accordance with the deferral method.
- (ii) Unrestricted contributions are recognized as revenue of the unrestricted fund when received or receivable.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

3. Significant accounting policies (continued):

(iii) Investment income is recognized as revenue when earned. Other revenue (product sales, event promotions and fees) is recognized when the service is provided or the goods are sold.

(b) Funds:

(i) Operating funds:

The operating funds include both restricted and unrestricted amounts.

The restricted fund represents funds used for WWF-Canada's priority and global conservation programs.

Certain conservation programs are not undertaken until an appropriate level of specific funds or pledges has been received. WWF-Canada plans on the basis that specific funds on hand or pledges secured must exceed the related expenditure planned for the next three to five months. Normally, funds received are expended within 12 months, but sometimes funds received relate to multi-year programs and commitments and are held for more than 12 months.

The unrestricted fund represents unspent unrestricted revenue. Unrestricted revenue is used to fund both general operations and conservation projects.

(ii) Planned giving fund:

The planned giving fund represents amounts received from bequests through the planned giving program, which have not been used to fund ongoing conservation programs.

All bequests received through this program are initially recorded in the planned giving fund. Funds restricted by donors for specific programs are transferred to the restricted fund under the respective program. Each year, the Board of Directors determines the amount to be allocated to the unrestricted fund. Remaining amounts are considered to be internally restricted by the Board of Directors for future use.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

3. Significant accounting policies (continued):

(iii) Capital funds:

(a) In trust and other capital funds:

The in trust and other capital funds represent assets donated to be held in trust and other capital funds designated by the Board of Directors (note 8).

(b) Property and equipment fund:

The property and equipment fund represents the net investment in WWF-Canada's property and equipment as described in note 6. Amounts required for the purchase of property and equipment or representing donated property and equipment are transferred from the unrestricted fund to the property and equipment fund and are considered to be internally restricted fund.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

(d) Financial assets and liabilities:

WWF-Canada initially measures cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities at fair value and subsequently at amortized cost.

WWF-Canada initially measures its investments on the combined statement of financial position at fair value. WWF-Canada has elected to subsequently measure its investments at fair value, with changes in fair value recorded in the combined statement of operations and changes in fund balances and combined statement of specific operating funds and changes in fund balances. Transaction costs associated with the acquisition and disposal of the investments are expensed as incurred.

Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting year when there are indicators the assets may be impaired.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

3. Significant accounting policies (continued):

(e) Long-term investments:

WWF-Canada classifies its investments based on intention for use, rather than the composition and maturity dates of the underlying investments. Although WWF-Canada has the ability to liquidate a portion of the long-term investments at any given time based on their composition, in substance management intends to hold the long-term investments for a period greater than one year, to earn investment income.

Long-term investments are held solely for earning investment income and are not held for operating purposes. The proceeds from the sale of long-term investments are not withdrawn from the investment portfolios; instead they are reinvested to purchase additional investments to be held for the purpose of earning investment income.

(f) Property and equipment:

Amounts required for the purchase of property and equipment are transferred from the unrestricted general fund to the property and equipment fund.

Property and equipment acquired for specific international projects are expensed immediately. Artwork is capitalized but not amortized as its value appreciates. Donated property and equipment are recorded at their estimated fair value at the date of acquisition. If a fair value cannot be reasonably determined, the donated asset is recorded at nominal value.

Property and equipment held for regular operations are capitalized and amortized on a straight-line basis as follows:

Furniture and fixtures	8 years
Leasehold improvements	Over term of lease
Computer software	2 years
Computer hardware	3 years
Office equipment	3 years
Capital assets under lease	Over term of lease

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

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3. Significant accounting policies (continued):

WWF-Canada reviews the carrying amounts of its long-lived assets regularly. If the long-lived assets no longer have any long-term service potential to WWF-Canada, the excess of net carrying value is recognized as an expense in the combined statement of operations and changes in fund balances.

(g) Lease, rent expense and deferred lease inducements:

Leases are accounted for as operating leases wherein rental payments are initially recorded in rent expense and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Deferred lease inducements represent cash benefits the organization has received from landlords pursuant to lease agreements. Lease inducements received are amortized over the term of the related lease agreement. The unamortized portion of lease inducements is included in accounts payable and accrued liabilities.

(h) Donated materials and services:

Donated materials and services (donations in-kind other than donated property and equipment) are not recognized in the combined statement of operations and changes in fund balances and the combined statement of specific operating funds and changes in fund balances. Donations of media space, television time and legal services are disclosed in the notes to the combined financial statements at an amount based on the information provided by the respective service providers.

WWF-Canada also benefits from substantial services in the form of volunteer time. As the value of these services cannot be readily determined, they are not recorded in these combined financial statements.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

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3. Significant accounting policies (continued):

(i) Foreign currency:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the date of the combined statement of financial position. Revenue and expenses are translated at the rates prevailing at the time of the respective transaction.

(j) Allocation of expenses:

WWF-Canada manages its operations along departmental lines to achieve the greatest effectiveness and productivity. Departments contribute to, and produce output of, more than one function, and support functions provide services to all departments. When presenting the financial results, various allocations are made on an appropriate and consistent basis to reflect the estimated cost of activities contributing to WWF Canada's goals and results.

Actual costs are allocated on the following bases:

(i) Marketing and fundraising expenses:

The marketing and fundraising departments support multiple purposes, including education, raising conservation awareness, footprint reduction and fundraising. Based on the content and the intent of the communication, a portion is allocated to raising conservation awareness.

(ii) Communication expenses:

The communications department is primarily focused on promoting conservation program goals and strategies, messaging and issues. Costs are allocated based on an estimate of time spent.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

3. Significant accounting policies (continued):

(iii) General support expenses:

Human resources costs are allocated based on staff headcount.

Finance and administration and information technology costs are allocated based on an estimate of the level of services rendered to support conservation and fundraising.

Facilities and infrastructure costs are allocated based on an estimate of the square footage used by each function. General management costs are based on an estimate of time spent.

(k) Use of estimates:

The preparation of combined financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the combined financial statements and revenue and expenses during the reporting year. Actual results could differ from those estimates.

4. Long-term investments:

	2018	2017
Fixed income securities ⁽ⁱ⁾	\$ 8,532	\$ 8,530
Equity shares	9,684	9,540
Equity pooled funds	1,195	817
	\$ 19,411	\$ 18,887

⁽ⁱ⁾ Fixed income securities consist of bonds and money market instruments. As at June 30, 2018, the maturity dates of these securities ranged between November 2018 and December 2108 (2017 - September 2017 and December 2108), with interest rates varying between 1.00 % and 7.40 % (2017 - 1.15% and 7.40%).

As at June 30, 2018, there was \$5,493 (2017 - \$5,618) in Canadian dollars included in investments, which will be settled in U.S. dollars.

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(In thousands of dollars)

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5. Related party transactions:

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- (a) The WWF family is related, as its members are under common significant influence through their relationship with World Wide Fund for Nature International ("WWF International").

During the year, WWF-Canada received funding for various projects from WWF family members, as shown below. The related disbursements are recorded as grants or program implementation expenses.

	2018	2017
International	\$ 15	\$ 22
United Kingdom	453	595
United States	282	457
Belgium	275	14
Netherlands	315	390
Sweden	282	68
Other	19	42
	\$ 1,641	\$ 1,588

As a result of the National Organization Agreement between the Fund and WWF International dated June 6, 1995, a fee is paid by the Fund to WWF International, headquartered in Gland, Switzerland, for services and benefits primarily related to conservation program implementation and awareness. The fee amounted to \$1,154 (2017 - \$1,587), of which \$865 (2017 - \$1,190) is included in conservation program implementation and \$ 289 (2017 - \$397) is included in fundraising and administration.

- (b) As at June 30, 2018, the Fund had no amounts owing from various WWF family members for project funding and reimbursable expenses (2017 - \$14). These amounts are included in accounts receivable.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

6. Property and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 518	\$ 432	\$ 86	\$ 35
Leasehold improvements	1,236	941	295	54
Computer software	281	270	11	68
Computer hardware	731	681	50	78
Office equipment	262	182	80	10
Artwork	17	–	17	17
	3,045	2,506	539	262
Capital asset under lease	150	3	147	–
	\$ 3,195	\$ 2,509	\$ 686	\$ 262

During the year, fully amortized assets no longer in use with an original cost of \$29 (2017 - nil) were written off.

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Notes to Combined Financial Statements (continued)
(In thousands of dollars)

Year ended June 30, 2018

7. Obligation under capital leases:

Certain computer hardware was acquired under a capital lease. Capital lease repayments are due as follows:

Year ending March 31,	
2019	\$ 46
2020	46
2021	36
2022	17
2023	15
Total minimum lease payments	160
Less amount representing interest at rates ranging from 6.9% to 7.7%	21
Present value of capital lease payments	139
Less current portion of obligations under capital lease	46
Long-term obligations under capital leases	\$ 93

8. Fund balances:

(a) At year end, the restricted fund balance comprised the following:

			2018	2017
	Signature Fund	Canadian Conservation Trust	Total	Total
Internal	\$ 183	\$ 3,582	\$ 3,765	\$ 4,676
External	368	-	368	368
	\$ 551	\$ 3,582	\$ 4,133	\$ 5,044

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Notes to Combined Financial Statements (continued)
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Year ended June 30, 2018

8. Fund balances (continued):

(b) At year end, the endowment funds balances were as follows:

				2018	2017
	Capital contributions	Cumulative restricted income		Total	Total
		Externally	Internally		
200 Canadians Trust	\$ 1,139	\$ 1,634	\$ -	\$ 2,773	\$ 2,754
"1001" Nature Trust	1,877	1,633	-	3,510	3,478
Beryl Ivey Fund	1,000	-	576	1,576	1,550
Sharlene Jessup Fund	42	-	39	81	-
Brocklehurst-Jourard Education Fund	1,036	-	313	1,349	1,340
The Kenneth M. Molson Fund for Endangered Birds	110	-	142	252	250
The Sobey Fund for Oceans	500	-	233	733	740
	\$ 5,704	\$ 3,267	\$ 1,303	\$ 10,274	\$ 10,112

The funds are invested to produce income and preserve capital. Each year, a payout based on a percentage of the average fair value of the investments for each of the funds for the previous two years is transferred to the operating funds. In 2018, the amount of \$529 (2017 - \$524), approximating 3.6% (2017 - 3.6%), was paid out. During the year, the Foundation also transferred \$801 (2017 - nil) of its investments to WWF-Canada Fund.

(c) Restricted fund:

Restricted fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors or as stipulated in any related fundraising appeal. The details of the fund are:

(i) Canadian Conservation Trust:

This fund was started for a Rainforest Campaign and has been supplemented over the years with unrestricted bequests and capital contributions. Income is available to help offset conservation program costs. The capital can be used for special projects at the discretion of the Board of Directors.

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8. Fund balances (continued):

(ii) Signature Fund:

This fund represents money received from WWF International to be made available for building a larger membership base. Income is available to help offset administrative costs of the WWF-Canada. The capital can be used for special fundraising activities at the discretion of the Board of Directors.

(iii) Endowment capital contributions fund comprises the total capital contributions where the endowment principal is to be maintained intact. The details of the fund are:

(a) 200 Canadians Trust:

This permanent endowment represents contributions from individuals concerned about conserving Canada's natural heritage. Income is available to help offset the administration costs of the Fund. Individuals may join only when there are openings by contributing \$5 to the Trust.

(b) "1001" Nature Trust:

This permanent endowment originated as a WWF International program to further the cause of conservation. Subsequent donations are added to the trust. Income is available to help offset administrative expenses of WWF-Canada.

(c) Beryl Ivey Fund:

The Beryl Ivey Fund was established as a permanent endowment in 2008, with a gift from the estate of long-time WWF-Canada supporter and former Board of Directors ("Board") member, Beryl Ivey. Income from the fund is directed to the support of conservation projects in the Carolinian Zone of southwestern Ontario.

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Notes to Combined Financial Statements (continued)
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8. Fund balances (continued):

(d) Sharlene Jessup Fund:

The Sharlene Jessup Fund for a Living Planet was established as a permanent endowment in 2006. Income from this fund supports the conservation work of WWF-Canada.

(e) Brocklehurst-Jourard Education Fund:

This fund represents a donation from the estate of Madlyn Anne Brocklehurst-Jourard set up as a permanent endowment, which provides income to be contributed to the WWF-Canada Fund Education Program. This program is for children aged 4 to 14 and concentrates on protection and preservation of wildlife and wildlife habitat.

(f) The Kenneth M. Molson Fund for Endangered Birds:

This permanent endowment was established in 1997 and received annual contributions for five years through to 2001. Further monies were contributed through a 50% match from WWF-Canada. Income is available for endangered bird projects.

(g) The Sobey Fund for Oceans:

The Sobey Fund for Oceans was established as a permanent endowment in 2011, with a donation from the Donald R. Sobey Foundation. Income from this fund is used to support the Oceans Program, Atlantic Region of WWF-Canada and focuses on harnessing leadership and innovation for the sustainable use of our oceans. Specifically, the income provides opportunities for students to gain work experience at WWF-Canada and, in collaboration with Dalhousie University, ocean conservation scholarships.

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Notes to Combined Financial Statements (continued)
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8. Fund balances (continued):

(iv) Endowment cumulative restricted income fund:

Endowment cumulative restricted income fund comprises cumulative undistributed net investment income on the endowment capital contributions, including both externally restricted income reflective of the original restrictions of the endowment or internally restricted by the Board of Directors.

9. Donations in-kind:

WWF-Canada received donations of media space and television time in support of its conservation programs, as well as donations of legal services throughout the year. The approximate value of these donations, based on the information provided by the respective service providers, which are not recorded in the combined statement of operations and changes in fund balances and combined statement of specific operating funds and changes in fund balances, are as follows:

	2018	2017
Raising awareness	\$ 661	\$ 512
Fundraising and administration	-	2,227

During the year, donations for legal services provided amounted to nil (2017 - \$20).

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Notes to Combined Financial Statements (continued)
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10. Allocation of expenses:

When presenting the financial results, various allocations are made on an appropriate and consistent basis to reflect the estimated cost of activities contributing to WWF Canada's goals and results (see note 3 for allocation basis).

The fundraising and administration expenses reported in the combined statement of operations and changes in fund balances are reported after the following allocations:

	2018	2017
Marketing and communication costs allocated to raising awareness	\$ 3,548	\$ 3,281
General support costs allocated to program implementation	908	738

11. Fundraising and administration:

Fundraising and administration expenses comprise fundraising expenses of \$5,232 (2017 - \$5,149) and administration expenses of \$1,026 (2017 - \$816).

12. Commitments:

WWF-Canada leases office equipment and premises under the terms of various operating lease agreements. Future annual payments under agreements as drafted are as follows:

2019	\$ 627
2020	628
2021	613
2022	563
2023	559
Thereafter	2,066
	\$ 5,056

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Notes to Combined Financial Statements (continued)
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Year ended June 30, 2018

13. Transactions with Board members:

The directors of WWF-Canada receive no remuneration from WWF-Canada as a result of their roles as a member of the Board of Directors ("Board members").

In addition, WWF-Canada has not made any payment for products or services to Board members or companies in which a Board member is an owner or partner.

14. Financial risks:

(a) Investment risk management:

WWF-Canada invests in fixed income securities, equity shares and equity pooled funds. The investment managers of WWF-Canada must adhere to the investment policies governing these investments, which are monitored by the Audit, Finance and Investment Committee. WWF-Canada's investing activities expose it to a variety of risks: market risk (including currency risk, interest rate risk and other price risk); credit risk and liquidity risk.

(b) Market risk:

WWF-Canada's investments are susceptible to market risk, which is defined as the risk 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: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(ii) Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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14. Financial risks (continued):

(iii) Other price risk:

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

WWF-Canada manages its market risk by monitoring the performance of the individual investments and by ensuring compliance by the investment manager with the set investment policies.

(c) Credit risk:

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation and arises from WWF-Canada's cash and cash equivalents and accounts receivable. WWF-Canada views the risk in this area to be insignificant given the counterparties involved.

(d) Liquidity risk:

Liquidity risk is the risk WWF-Canada may be unable to meet obligations in a timely manner. This risk is managed through the WWF-Canada's ongoing monitoring of cash flow requirements and by ensuring the investment manager is able to close out market positions in order to meet the liquidity requirements of the WWF-Canada.