

**World Wildlife Fund Canada - Fonds
mondial pour la nature Canada and
World Wildlife Fund Canada
Foundation - Fondation du fonds
mondial pour la nature Canada
Combined Financial Statements
June 30, 2016**



October 18, 2016

Independent Auditor's 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 (hereafter collectively, WWF-Canada), which comprise the combined statement of financial position as at June 30, 2016 and 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 the related notes, which comprise 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.

Auditor's 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 the auditor's 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, the auditor considers 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP
400 Bradwick Drive, Suite 100, Concord, Ontario, Canada L4K 5V9
T: +1 905 326 6800, F: +1 905 326 5339*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of WWF-Canada as at June 30, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

WWF-Canada

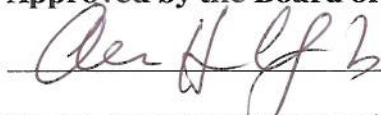
Combined Statement of Financial Position

As at June 30, 2016

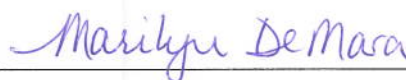
(in thousands of dollars)

	2016 \$	2015 \$
Assets		
Current assets		
Cash and cash equivalents	8,076	10,944
Accounts receivable (note 5(b))	798	316
Prepaid expenses and other assets	560	508
	<u>9,434</u>	<u>11,768</u>
Long-term investments (note 4)	17,834	17,700
Property and equipment (note 6)	275	227
	<u>27,543</u>	<u>29,695</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,939	1,702
Fund Balances		
Operating funds		
Unrestricted	1,469	1,646
Restricted	9,084	10,250
	<u>10,553</u>	<u>11,896</u>
Planned giving	641	1,111
Capital funds		
In trust and other capital (note 7)	14,135	14,759
Property and equipment	275	227
	<u>14,410</u>	<u>14,986</u>
	<u>27,543</u>	<u>29,695</u>
Commitments (note 11)		

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these combined financial statements.

WWF-Canada

Combined Statement of Operations and Changes in Fund Balances For the year ended June 30, 2016

(in thousands of dollars)

	2016			2015		
	Operating funds \$	In trust and other capital \$	Planned giving \$	Property and equipment \$	Total \$	Total \$
Revenue						
Donations						
Individual Corporations	10,071	100	1,347	-	11,518	12,550
Foundations	2,426	-	-	-	2,426	4,112
Other not-for-profit	1,330	-	-	-	1,330	1,888
Government	239	-	-	-	239	185
WWF family (note 5(a))	385	-	-	-	385	203
Earned revenues	2,641	-	-	-	2,641	2,374
Product sales, event promotions and fees	1,088	-	-	-	1,088	1,222
Investment earnings	141	380	-	-	521	528
	18,321	480	1,347	-	20,148	23,062
Expenses						
Program implementation (notes 4(a) and 9)	11,276	-	-	-	11,276	9,838
Research and grants	1,967	-	-	-	1,967	2,393
Raising awareness (note 9)	3,430	-	-	-	3,430	3,092
Lobbying	6	-	-	-	6	7
Fundraising and administration (notes 4(a), 9 and 10)	16,679	-	-	-	16,679	15,330
Amortization of property and equipment	5,587	65	357	-	6,009	6,060
	-	-	-	124	124	138
	22,266	65	357	124	22,812	21,528
(Deficiency) excess of revenue over expenses before fair value changes on investments	(3,945)	415	990	(124)	(2,664)	1,534
Fair value changes on investments	(24)	299	-	-	275	1,444
(Deficiency) excess of revenue over expenses for the year	(3,969)	714	990	(124)	(2,389)	2,978
Fund balances - Beginning of year	11,896	14,759	1,111	227	27,993	25,015
Interfund transfers	2,626	(1,338)	(1,460)	172	-	-
Fund balances - End of year	10,553	14,135	641	275	25,604	27,993

The accompanying notes are an integral part of these combined financial statements.

WWF-Canada

Combined Statement of Specific Operating Funds and Changes in Fund Balances For the year ended June 30, 2016

(in thousands of dollars)

	2016						2015	
	Restricted							
	Arctic	Oceans	Fresh Water	Community Engagement	Global conservation and other	Unrestricted	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations								
Individuals	219	80	14	-	242	9,516	10,071	10,052
Corporations	214	416	496	568	215	517	2,426	4,112
Foundations	478	2	478	-	222	150	1,330	1,888
Other not-for-profit	15	-	-	2	-	222	239	185
Government	54	281	50	-	-	-	385	203
WWF family (note 5(a))	2,641	-	-	-	21	1,006	2,641	2,374
Product sales, event promotions and fees	-	11	50	-	-	-	1,088	1,222
Investment earnings	2	8	2	-	-	129	141	162
	3,623	798	1,090	570	700	11,540	18,321	20,198
Expenses								
Conservation								
Program implementation (notes 4(a) and 9)	4,483	2,771	1,385	958	1,028	651	11,276	9,838
Research and grants	1,252	12	435	126	131	11	1,967	2,393
Raising awareness (note 9)	-	-	-	-	-	3,430	3,430	3,092
Lobbying	2	1	1	-	-	2	6	7
	5,737	2,784	1,821	1,084	1,159	4,094	16,679	15,330
Fundraising and administration (notes 4(a), 9 and 10)	-	-	-	-	-	5,587	5,587	5,756
	5,737	2,784	1,821	1,084	1,159	9,681	22,266	21,086
(Deficiency) excess of revenue over expenses before fair value changes on investments	(2,114)	(1,986)	(731)	(514)	(459)	1,859	(3,945)	(888)
Fair value changes on investments	-	-	-	-	-	(24)	(24)	12
(Deficiency) excess of revenue over expenses for the year	(2,114)	(1,986)	(731)	(514)	(459)	1,835	(3,969)	(876)
Fund balances - Beginning of year	4,825	1,803	1,054	1,690	878	1,646	11,896	10,365
Interfund transfers (note 3)								
Operating	2,005	1,468	606	(235)	601	(4,445)	-	-
Property and equipment	-	-	-	-	-	(172)	(172)	(22)
Planned giving	14	25	-	-	25	1,396	1,460	1,994
Transfer from the Foundation	-	-	46	41	41	1,210	1,338	435
	4,730	1,310	975	982	1,086	1,470	10,553	11,896
Fund balances - End of year	-	-	-	-	-	1,470	1,470	1,646
Unrestricted	4,730	1,310	975	982	1,086	-	9,083	10,250
Restricted	4,730	1,310	975	982	1,086	1,470	10,553	11,896

The accompanying notes are an integral part of these combined financial statements.

WWF-Canada

Combined Statement of Cash Flows

For the year ended June 30, 2016

(in thousands of dollars)

	2016 \$	2015 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(2,389)	2,978
Non-cash items		
Amortization of property and equipment	124	138
Fair value changes on investments	(275)	(1,444)
Net change in non-cash working capital items		
Accounts receivable	(482)	169
Prepaid expenses and other assets	(52)	(152)
Accounts payable and accrued liabilities	237	(141)
	<u>(2,837)</u>	<u>1,548</u>
Investing activities		
Purchase of property and equipment	(172)	(22)
Disposition of investments - net	141	70
	<u>(31)</u>	<u>48</u>
Increase (decrease) in cash and cash equivalents during the year	(2,868)	1,596
Cash and cash equivalents - Beginning of year	<u>10,944</u>	<u>9,348</u>
Cash and cash equivalents - End of year	<u>8,076</u>	<u>10,944</u>

The accompanying notes are an integral part of these combined financial statements.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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, 2016 and 2015 and for the years ended June 30, 2016 and 2015, are available.

2 Conservation programs

Canada is home to 20% of the world's freshwater, 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 haven't been identified.

WWF-Canada's priority programs in Ocean, Arctic and Freshwater wildlife conservation aim to achieve the following:

- Responsible development solutions that protect and conserve wildlife.
- Healthy and robust freshwater ecosystems that all wildlife can rely on for habitat and Canadians can count on for safe and abundant drinking water.
- Habitat friendly renewable energy at the community level.
- Sustainable fisheries that let wildlife flourish and communities prosper.
- Strong, meaningful protections for marine and coastal areas that are critical to both species and communities nearby.
- An engaged citizenry that champions nature.
- Land-use management solutions that protect species while helping Canadians transition to a low-carbon economy.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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, we play a leading role in critical tiger and snow leopard conservation in Nepal and provide Canadian leadership and support for other global programs and initiatives important to Canada and Canadians.

3 Summary of significant accounting policies

The combined financial statements of WWF-Canada have been 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.

Revenue recognition

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

- 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.
- Unrestricted contributions are recognized as revenue of the unrestricted fund when received or receivable.
- 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.

Funds

- Operating funds

The operating funds include both restricted and unrestricted amounts.

- The restricted fund represents the organization's priority conservation programs, as well as other contributions for conservation projects that do not fit under a priority program.

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 revenues. To the extent they are not required to support general operations, discretionary revenues are transferred as required to fund a variety of projects within each conservation program.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

- 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 operating fund for the respective program. Each year, the Board of Directors determine the amount to be allocated to the unrestricted fund. The remaining amounts are considered to be internally restricted by the Board of Directors for future use.

- Capital funds

- 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 7).

- 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 general fund to the property and equipment fund and are considered to be internally restricted.

Cash and cash equivalents

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

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 statements of operations and changes in fund balances and 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 period when there are indicators the assets may be impaired.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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.

Property and equipment

Amounts required for the purchase of property and equipment are transferred from the unrestricted 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 as follows:

Furniture and fixtures	straight-line over 8 years
Leasehold improvements	straight-line over the term of the lease
Computer software	straight-line over 2 years
Computer hardware	straight-line over 3 years
Office equipment	straight-line over 3 years

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 non-combined statement of operations and changes in fund balances.

Leases, 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 WWF-Canada 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.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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. 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.

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 transactions.

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:

- 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.

- 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.

- 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 allocated based on an estimate of time spent.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

Use of estimates

The preparation of combined financial statements in conformity 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

4 Long-term investments

	2016 \$	2015 \$
Fixed income securities (i)	8,710	8,045
Equity shares	8,470	8,998
Equity pooled funds	654	657
	<u>17,834</u>	<u>17,700</u>

- i) Fixed income securities consist of bonds and money market instruments. As at June 30, 2016, the maturity dates of these securities ranged between September 2016 and December 2108 (2015 - September 2015 and December 2108), with interest rates varying between 0.75% and 7.4% (2015 - 1.20% - 7.4%).

As at June 30, 2016, there are CA\$4,953 (2015 - CA\$4,793) included in investments, which will have to be settled in US dollars.

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 they 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.

	2016 \$	2015 \$
International	877	913
United Kingdom	583	652
United States	267	233
Belgium	126	224
Netherlands	523	195
Sweden	222	157
Other	43	-
	<u>2,641</u>	<u>2,374</u>

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

As a result of the National Organization Agreement between WWF-Canada Fund and WWF International dated June 6, 1995, a fee is paid by the organization to WWF International, headquartered in Gland, Switzerland, for services and benefits primarily related to conservation program implementation and awareness. The fee amounted to \$1,739 (2015 - \$1,594) of which, \$1,304 (2015 - \$1,196) is included in conservation program implementation and \$435 (2015 - \$398) is included in fundraising and administration.

- b) As at June 30, 2016, WWF-Canada Fund had amounts owing from various WWF family members for project funding and reimbursable expenses amounting to \$4 (2015 - \$7). These amounts are included in accounts receivable.

6 Property and equipment

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and fixtures	482	416	66	100
Leasehold improvements	928	903	25	27
Computer software	218	141	77	-
Computer hardware	697	619	78	65
Office equipment	165	153	12	18
Artwork	17	-	17	17
	<u>2,507</u>	<u>2,232</u>	<u>275</u>	<u>227</u>

During the year, fully amortized assets no longer in use with an original cost of \$646 (2015 - \$nil) were written off.

WWF-Canada

Notes to Combined Financial Statements June 30, 2016

(in thousands of dollars)

7 In trust and other capital fund balances

a) At year-end, the restricted fund balance is comprised of the following:

	2016	2015
	Total	Total
	\$	\$
Restricted fund - external	368	368
Restricted fund - internal	4,233	4,374
	4,233	4,742
	509	5,547

b) At year-end, the endowment fund balances were as follows:

	2016					
	200	"1001"	Beryl	Brocklehurst-	The Kenneth	Total
	Canadians	Nature	Ivey	Jourard	M. Molson	Total
	Trust	Trust	Fund	Education	Fund for	Total
	\$	\$	\$	Fund	Oceans	\$
Endowment capital	1,139	1,877	1,000	1,036	110	5,662
contributions						
Endowment cumulative	1,426	1,350	-	-	-	2,776
internally restricted						
income			429	211	123	955
Endowment cumulative						
externally restricted	2,565	3,227	1,429	1,247	233	9,393
income						

WWF-Canada

Notes to Combined Financial Statements June 30, 2016

(in thousands of dollars)

									2015
	200	"1001"	Beryl	Brocklehurst-	The Kenneth	The			
	Canadians	Nature	Ivey	Jourard	M. Molson	Sobey			
	Trust	Trust	Fund	Education	Fund for	Fund for			
	Trust	Trust	Fund	Fund	Endangered	Oceans			
	\$	\$	\$	\$	Birds	\$			Total
									\$
Endowment capital	1,139	1,777	1,000	1,036	110	500			5,562
contributions									
Endowment cumulative									
internally restricted	1,406	1,316	-	-	-	-			2,722
income									
Endowment cumulative	-	-	411	202	121	194			928
externally restricted									
income									
	2,545	3,093	1,411	1,238	231	694			9,212

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 2016, the amount of \$448 (2015 - \$435), approximating 3.6% (2015 - 3.6%), was paid out.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

Details of the funds are as follows:

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

- **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.

- **Signatures 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 WWF-Canada. The capital can be used for special fundraising activities at the discretion of the Board.

Endowment Capital Contributions Fund - This fund comprises the total capital contributions where the endowment principal is to be maintained intact. The details of the fund are:

- **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 WWF-Canada Fund. Individuals may join only when there are openings by contributing \$5 to the Trust.

- **"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.

- **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 member, Beryl Ivey. Income from the fund is directed to the support of conservation projects in the Carolinian Zone of southwestern Ontario.

- **Brocklehurst-Jourard Education Fund**

This fund represents a donation from the estate of Marilyn 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.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

- **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.

- **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.

Endowment Cumulative Restricted Income Fund - This 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.

8 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 is not recorded in the combined statements of operations and changes in fund balances and specific operating funds and changes in fund balances, is as follows:

	2016	2015
	\$	\$
Raising awareness	1,046	-
Fundraising and administration	2,071	2,525

During the year, donations for legal services provided amounted to \$32 (2015 - \$68).

9 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).

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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

	2016	2015
	\$	\$
Marketing, fundraising and communication costs allocated to raising awareness	3,430	3,092
General support costs allocated to program implementation	1,428	1,037

10 Fundraising and administration

Fundraising and administration expenses are comprised of fundraising of \$5,125 (2015 - \$5,149) and administration of \$884 (2015 - \$911).

11 Commitments

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

	\$
2017	355
2018	279
2019	275
2020	277
2021	261
Thereafter	480
	<hr/>
	1,927
	<hr/>

12 Transactions with Board members

The directors of WWF-Canada receive no remuneration from WWF-Canada as a result of their roles as 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. Payments for products of \$nil (2015 - \$18) were made to a public company in which a Board member is a senior manager.

13 Financial risks

Investment risk management

WWF-Canada invests in fixed income securities and equity shares. 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.

WWF-Canada

Notes to Combined Financial Statements

June 30, 2016

(in thousands of dollars)

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 is comprised of three types of risk: currency risk, interest rate risk and other price risk.

- 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.

- 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.

- 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 interest rate risk or currency 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 compliance of the investment managers with the set investment policies.

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.

Liquidity risk

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