

# The Nature Conservancy of Canada

Summary financial statements  
May 31, 2022



# Independent auditor's report

To the Members of  
**The Nature Conservancy of Canada**

## Opinion

The summary financial statements of **The Nature Conservancy of Canada** [the "Conservancy"], which comprise the summary statement of financial position as at May 31, 2022, and the summary statement of operations and changes in operating surplus for the year then ended, and related notes, are derived from the complete audited financial statements of the Conservancy for the year ended May 31, 2022.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, on the basis described in note 1.

## Summary financial statements

The summary financial statements do not contain all of the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

## The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated September 22, 2022.

## Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in note 1.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, *Engagements to Report on Summary Financial Statements*.

The signature of Ernst & Young LLP is written in a black, cursive script.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
September 22, 2022





Summary statement of financial position

As at May 31

	2022	2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	51,262,537	77,982,036
Short-term investments <i>[note 6]</i>	48,000,000	—
Accounts receivable and other	12,872,177	7,858,887
<b>Total current assets</b>	<b>112,134,714</b>	<b>85,840,923</b>
Investments	191,475,635	182,180,945
Capital assets, net	886,475	760,152
Conservation lands and agreements <i>[note 3]</i>	888,513,278	817,046,069
	<b>1,193,010,102</b>	<b>1,085,828,089</b>
<b>Liabilities and net assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	2,979,854	2,455,930
Deferred contributions	79,603,400	61,338,717
<b>Total current liabilities</b>	<b>82,583,254</b>	<b>63,794,647</b>
Guarantees and contingencies <i>[notes 6 and 7]</i>		
<b>Net assets</b>		
Internally restricted		
Invested in conservation lands and agreements	888,513,278	817,046,069
Other	31,859,461	26,004,672
	<b>920,372,739</b>	<b>843,050,741</b>
Operating surplus	5,288,874	3,487,898
Science and Stewardship Endowments	184,765,235	175,494,803
<b>Total net assets</b>	<b>1,110,426,848</b>	<b>1,022,033,442</b>
	<b>1,193,010,102</b>	<b>1,085,828,089</b>

See accompanying notes

On behalf of the Board:

Board Chair

Audit Committee Chair

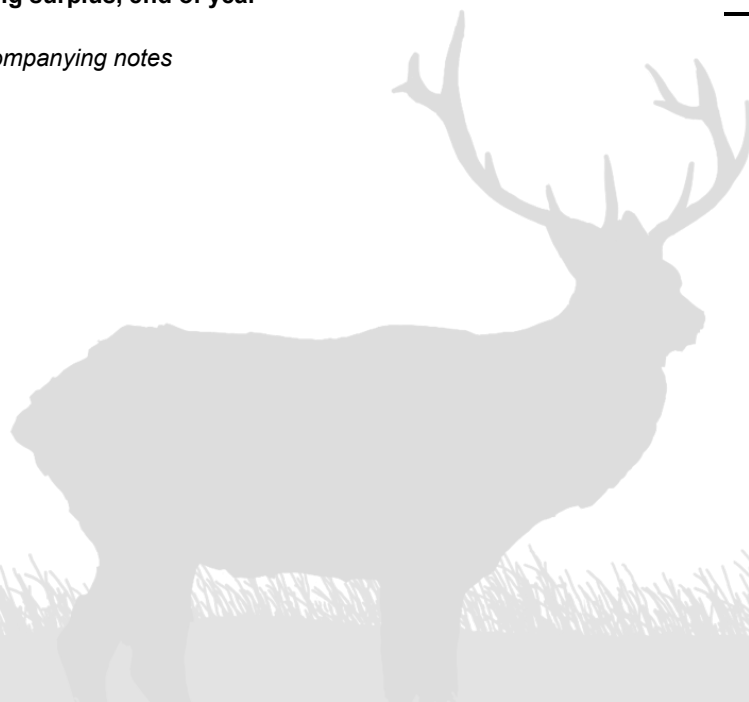
## The Nature Conservancy of Canada

### Summary statement of operations and changes in operating surplus

Year ended May 31

	2022	2021
	\$	\$
<b>Revenue</b>		
Donations of conservation lands and agreements	24,272,795	16,588,238
Other donations and grants	127,973,986	94,718,858
Proceeds from property sales	—	50,850
Other	17,880,488	20,872,529
	<u>170,127,269</u>	<u>132,230,475</u>
<b>Expenses</b>		
Conservation lands and agreements acquired		
Purchased	48,631,099	27,445,335
Donated	24,272,795	16,588,238
Loan repayments for prior-year acquisitions	—	1,634,500
Contributions to properties acquired and property-related expenses incurred by others	19,301,470	15,228,679
	<u>92,205,364</u>	<u>60,896,752</u>
Property-related	36,770,239	25,968,720
Support	30,019,442	23,885,673
	<u>158,995,045</u>	<u>110,751,145</u>
<b>Excess of revenue over expenses for the year</b>	<b>11,132,224</b>	<b>21,479,330</b>
Net transfer to internally restricted net assets	(5,711,878)	(11,848,668)
Net transfer from to internally endowed net assets	(3,619,370)	(7,992,515)
<b>Net increase in operating surplus</b>	<b>1,800,976</b>	<b>1,638,147</b>
Operating surplus, beginning of year	3,487,898	1,849,751
<b>Operating surplus, end of year</b>	<b>5,288,874</b>	<b>3,487,898</b>

See accompanying notes





## **Notes to summary financial statements**

May 31, 2022

### **1. Summary financial statements**

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations as at May 31, 2022, and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in the summary financial statements so that they are consistent, in all material respects, with or represent a fair summary of the audited financial statements.

These summary financial statements have been prepared by management using the following criteria:

- [a] Whether information in the summary financial statements is in agreement with the related information in the complete audited financial statements; and
- [b] Whether, in all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including the notes thereto.

Management determined that the statements of changes in net assets and cash flows do not provide additional useful information and, as such, has not included them as part of the summary financial statements.

The complete audited financial statements of The Nature Conservancy of Canada [the "Conservancy"] are available upon request by contacting the Conservancy.

### **2. Revenue recognition**

The Conservancy follows the deferral method of accounting for contributions. Revenue related to the sale of carbon offset credits is recognized when the Conservancy has transferred to the buyer the significant risks and rewards of the ownership of the carbon credits, the amount is fixed and determinable and collectability is reasonably assured.

### **3. Conservation lands and agreements**

Purchased conservation lands and agreements are recorded at cost when title is transferred. The purchases are recorded as an expense to the extent that the purchase is internally financed. Repayments of debt related to property acquisitions are expensed when made. An amount equal to the expense related to purchases and debt repayments is added to net assets invested in conservation lands and agreements. When a loan is obtained in a subsequent year related to an internally financed purchase, an amount equal to the debt is transferred from net assets invested in conservation lands and agreements to operating surplus.

# The Nature Conservancy of Canada

## Notes to summary financial statements

May 31, 2022

Contributed conservation lands and agreements are recorded at fair market value when title is transferred. When purchased conservation lands and agreements are acquired substantially below fair market value, the difference between consideration paid and fair value is reported as contributed conservation lands and agreements. The contributions are recorded as revenue and expenses and also as an asset offset by net assets invested in conservation lands and agreements.

Properties transferred to others are recorded as a reduction of conservation lands and agreements and net assets invested in conservation lands and agreements.

Conservation lands and agreements, either purchased or donated, are assets held as part of the Conservancy's collection. Conservation agreements are legal agreements entered into by the Conservancy under which a landowner voluntarily restricts or limits the type and amount of development that may take place on his or her land to conserve its natural features. Once registered on title, that agreement runs with the title and binds all future owners.

### **4. Allocation of expenses**

Salaries and benefits expenses are allocated between property-related and support expenses based on the primary job responsibilities of the employee's position. No support expenses are allocated to property-related expenses.

### **5. Donated materials and services**

Donated materials and services are not recognized in the summary financial statements.

### **6. Credit facilities**

The Conservancy has credit facilities with one financial institution in which it has provided a general security agreement over all of its assets, excluding conservation lands and agreements and financial assets. In addition, in fiscal 2022, the Conservancy obtained a \$13,000,000 revolving demand facility, from the same financial institution, available by way of Letters of Guarantee, secured by cash collateral in the form of Guaranteed Investment Certificates. As of May 31, 2022, the Conservancy had drawn one Letter of Guarantee in the amount of \$11,735,000.

### **7. Contingencies**

The nature of the Conservancy's activities is such that there is often litigation pending or in progress. Where the potential liability is likely and able to be estimated, management records its best estimate of the potential liability. With respect to claims as at May 31, 2022, it is management's position that the Conservancy has valid defences and appropriate insurance coverage to offset the cost of unfavourable settlements, if any, which may result from such claims. In other cases, the ultimate outcome of the claims cannot be determined at this time, and, as such, no accruals have been made as at May 31, 2022.

