

Financial Statements of  
[expressed in Canadian dollars]

## **DUCKS UNLIMITED CANADA**

March 31, 2014



Building a better  
working world

# INDEPENDENT AUDITORS' REPORT

To the Directors of Ducks Unlimited Canada

We have audited the accompanying financial statements of Ducks Unlimited Canada, which comprise the statement of financial position as at March 31, 2014, and the statements of revenue and expenses and changes in net assets available for current conservation activities, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 financial statements.

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

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ducks Unlimited Canada as at March 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Winnipeg, Canada  
June 7, 2014

*Ernst & Young LLP*

Chartered accountants



A member firm of Ernst & Young Global Limited

# DUCKS UNLIMITED CANADA

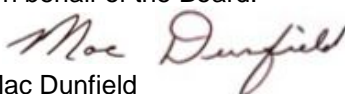
Statement of Financial Position  
(expressed in thousands of Canadian dollars)


As at March 31

	2014	2013 (restated - note 24)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 11,741	\$ 13,213
Accounts receivable (notes 3 and 19)	16,225	17,881
Contributions receivable, due within one year (note 4)	2,879	3,016
Receivable from Ducks Unlimited, Inc. (note 5)	1,977	-
Inventories (note 6)	4,360	5,207
Project materials and prepaid expenses	742	1,134
	37,924	40,451
Note receivable (note 3)	432	985
Contributions receivable (note 4)	6,915	8,849
Land held for resale	9,753	2,707
Investments (note 7)	116,325	98,532
Property, plant and equipment, net of accumulated amortization (note 8)	9,149	9,728
Conservation lands (note 9)	151,938	151,287
	\$ 332,436	\$ 312,539
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 19)	\$ 3,290	\$ 6,085
Payable to Ducks Unlimited, Inc. (note 5)	-	677
Funds held on behalf of other organizations (note 10)	637	558
Current portion of obligation under capital lease (note 11)	98	98
Current portion of deferred contributions (note 12)	25,242	25,075
Revolving loan (note 13)	2,026	-
	31,293	32,493
Obligation under capital lease (note 11)	-	95
Accrued pension and post-employment benefits obligations (note 14)	11,442	22,349
Deferred contributions (note 12)	9,424	10,938
	52,159	65,875
Net assets to support conservation activities:		
Internally restricted for future conservation activities (notes 15)	113,469	82,707
Invested in land held for resale, property, plant and equipment and conservation land (note 16)	164,810	159,631
Available for current conservation activities (note 24)	1,998	4,326
	280,277	246,664
Commitments (note 17)		
	\$ 332,436	\$ 312,539

See accompanying notes to financial statements.

On behalf of the Board:

  
Mac Dunfield  
President

  
C. Neil Downey, C.A.  
Treasurer

# DUCKS UNLIMITED CANADA

Statement of Revenue and Expenses and Changes in Net Assets Available for Current Conservation Activities  
(expressed in thousands of Canadian dollars)

Year ended March 31

	2014	2013
		(restated – note 24)
Revenue:		
Philanthropic fundraising:		
Philanthropic fundraising revenue (notes 18 and 19)	\$ 11,877	\$ 8,853
Philanthropic fundraising expenses	(2,807)	(2,801)
Net philanthropic fundraising income	9,070	6,052
Grassroots fundraising:		
Grassroots fundraising revenue	16,160	16,636
Grassroots fundraising cost of goods and services	(7,881)	(8,582)
Net grassroots fundraising revenue	8,279	8,054
Grassroots fundraising expenses	(5,209)	(5,154)
Net grassroots fundraising income	3,070	2,900
Non-government partnership revenue (note 20)	10,643	10,856
Net fundraising income	22,783	19,808
Government grants (note 21)	28,006	43,714
Program and other revenue	15,456	10,686
Investment and other income	18,214	9,802
	84,459	84,010
Expenses:		
Conservation program expenditures	48,666	49,230
Administration	4,668	6,019
	53,334	55,249
Depreciation and amortization	1,180	1,189
	54,514	56,438
Excess of revenue over expenses before the following	29,945	27,572
Pension finance cost (notes 14 and 24)	(5,574)	(5,349)
Excess of revenue over expenses for the year	24,371	22,223
Transfers from net assets available for current conservation activities (notes 15(b), 16(d) and 24)	(26,699)	(24,307)
Change in net assets available for current conservation activities	(2,328)	(2,084)
Opening balance net assets available for current conservation activities	4,326	6,410
Closing balance net assets available for current conservation activities	\$ 1,998	\$ 4,326

See accompanying notes to financial statements.

# DUCKS UNLIMITED CANADA

Statement of Changes in Net Assets  
(expressed in thousands of Canadian dollars)

	Internally restricted for future conservation activities (note 15)	Invested in land held for resale, property, plant and equipment and conservation lands	Available for current conservation activities	Total
	(Restated – note 24)	(Restated – note 24)	(Restated – note 24)	
Balance, March 31, 2012	\$ 67,072	\$ 141,767	\$ 6,410	\$ 215,249
Excess of revenue over expenses for the year	-	-	22,223	22,223
Pension remeasurement and other items (note 14)	5,631	-	-	5,631
Internally imposed restrictions (note 15(b))	10,004	-	(10,004)	-
Investments in land held for resale, property, plant and equipment and conservation lands (note 16(d))	-	14,303	(14,303)	-
Contributions restricted for land purchases	-	2,000	-	2,000
Donated land	-	1,561	-	1,561
Balance, March 31, 2013	82,707	159,631	4,326	246,664
Excess of revenue over expenses for the year	-	-	24,371	24,371
Pension remeasurement and other items (note 14)	9,167	-	-	9,167
Internally imposed restrictions (note 15 (b))	21,595	-	(21,595)	-
Investments in land held for resale, property, plant and equipment and conservation lands (note 16(d))	-	5,104	(5,104)	-
Donated land	-	75	-	75
Balance, March 31, 2014	\$ 113,469	\$ 164,810	\$ 1,998	\$ 280,277

See accompanying notes to financial statements.

# DUCKS UNLIMITED CANADA

## Statement of Cash Flows

(expressed in thousands of Canadian dollars)

Year ended March 31

	2014	2013 (restated note 24)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses for the year	\$ 24,371	\$ 22,223
Adjustments for items not affecting cash:		
Depreciation and amortization	1,180	1,189
Amortization of deferred contributions related to capital assets	(153)	(173)
(Gain) loss on sale of property, plant and equipment	7	(22)
Loss of sale on conservation land	76	-
Loss on sale of land held for resale	45	-
Non cash pension and post-employment benefit expense	7,557	7,909
Unrealized gains on investments	(17,977)	(9,428)
Employer contributions to pension	(9,297)	(7,389)
Change in non-cash assets and liabilities (note 22)	(1,047)	109
	4,762	14,418
Investing activities:		
Contributions to investments	(2,247)	(4,072)
Proceeds from disposal of investments	2,431	1,139
Purchase of conservation lands	(1,379)	(17,732)
Proceeds from conservation land sold	383	270
Purchase of land held for resale	(7,004)	(3)
Funding contributions for conservation lands recorded directly to net assets	-	2,000
Proceeds from sales of land held for resale	257	270
Purchase of property, plant and equipment	(616)	(933)
Additions to deferred contributions related to property, plant and equipment	2	106
Proceeds from sale of property, plant and equipment	8	27
	(8,165)	(18,928)
Financing activities:		
Draws on revolving loan	2,026	-
Principal payment under capital lease obligation	(95)	(92)
	1,931	(92)
Net decrease in cash and cash equivalents during the year	(1,472)	(4,602)
Cash and cash equivalents, beginning of year	13,213	17,815
Cash and cash equivalents, end of year	\$ 11,741	\$ 13,213

See accompanying notes to financial statements.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 1. General:

Ducks Unlimited Canada (DUC) is a registered charity under the Canadian *Income Tax Act*. DUC is an internationally supported, private, not-for-profit conservation company incorporated under the *Canada Corporations Act*.

DUC's mission is to conserve, restore and manage wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and for accounting policies not addressed by ASNPO, Canadian accounting standards for private enterprises (ASPE).

### 2. Significant accounting policies:

#### (a) Revenue recognition:

DUC follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for non-capital items are recognized as revenue in the year in which the related expenses are incurred. Project funding by way of grant or cost sharing arrangement, for the purposes of developing or enhancing particular projects, is recognized as revenue when all conditions related thereto have been satisfied. Funding received but not expended is recorded as unearned revenue.

Contributions which are externally restricted for the purpose of depreciable capital asset acquisitions or construction are deferred. Deferred contributions related to depreciable capital assets are amortized to revenue over the estimated useful life of the respective capital assets on a straight-line basis.

Contributions which are externally restricted solely for the purpose of non-depreciable capital asset acquisitions including conservation lands are credited directly to net assets.

Pledges are promises to contribute over several years. Pledges are accrued and deferred if the amount to be received can be reasonably estimated and collection is reasonably assured and recognized as revenue in the year in which they are received and expended.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

Donated assets are recorded as revenue, deferred contributions related to property, plant and equipment, or directly to net assets in the case of donated land, at the fair value. Donated project materials, land and supplies are recorded at their fair value, as revenue and expense, at the date of contribution.

A large number of volunteers donate significant amounts of their time for various DUC activities. No amount has been reflected in these financial statements for donated services as an objective basis is not available to measure the fair value of such services.

Investment income includes dividend and interest income, income distributions from pooled funds, and realized and unrealized gains and losses, and is recorded net of transaction costs which are expensed as incurred. Investment income earned is recognized as revenue on the statement of revenue and expenses and changes in net assets available for current conservation activities. Cash, short-term notes and treasury bills are valued at fair value. Short-term investments and bonds are recorded at fair value which is determined based on valuation techniques. Pooled funds with underlying investments in equities, debt, real estate assets and commodities, are valued based on the latest valuations provided by the external investment managers (the reported net value per unit amounts), adjusted for cash receipts and cash disbursements through March 31, 2014.

#### (b) Conservation program expenditures:

The on-going conservation activities of DUC focus on the continual preservation and maintenance of wetlands and associated waterfowl habitats in Canada, through restoration and maintenance of such areas, and through public education and research. Waterfowl habitat enhancement and restoration costs are treated as an expense in the year the expenditures are incurred, and consist of project development, construction and maintenance of the habitat areas through conservation easements, leases and rights of way. The cost of conservation easements, leases and rights of way to secure conservation lands are also treated as an expense in the year the expenditures are incurred.

#### (c) Cash and cash equivalents:

Cash and cash equivalents include funds on deposit and short-term investments with maturities less than 90 days at date of purchase. Cash and investments meeting the definition of cash held for investing rather than liquidity purposes are classified as investments.



# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

#### (d) Project materials:

Project materials are valued at the lower of cost and net realizable value, with cost determined at average cost.

#### (e) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost includes purchase, conversion, and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned using an average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (f) Land held for resale:

Land held for resale is inventory, and represents designated land held in order to obtain a conservation easement to preserve wetlands. Land held for resale is recorded at the lower of cost and estimated selling price, (plus any expected funded losses related to impairment of value as a result of placing an easement). The land is sold once the conservation easement is in place, and the funds are used to reinvest in other lands within DUC priority areas.

#### (g) Property, plant and equipment:

Purchased property, plant and equipment is recorded at cost. Contributed property, plant and equipment is recorded at appraised values at the date of contribution.

Property, plant and equipment is amortized on a straight-line basis over its estimated useful life. Any gain or loss on disposal of these assets is recorded in the statement of revenue and expenses and changes in net assets available for current conservation activities in the year of disposal.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

The estimated useful life of property, plant and equipment is as follows:

Asset	Years
Buildings	20 - 40
Exhibits	4 - 10
Vehicles	4
Field equipment	3 - 10
Office equipment	10
Computer equipment	3 - 4
Trailers	10
Photo equipment	4 - 10

#### (h) Conservation lands:

Conservation lands secured through land purchases are recorded at cost when title is transferred. Contributed conservation lands are recorded at fair market value when title is transferred and recorded directly to net assets. When conservation land is purchased, the related funding is recognized as revenue while the cost is recorded on the statement of financial position. A transfer from net assets available for current conservation activities to net assets invested in conservation lands is also recorded.

#### (i) Leases:

Leases are classified as either capital or operating leases. At the time DUC enters into a capital lease, an asset is recorded together with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

#### (j) Financial instruments, accounts, contributions and notes receivable:

##### (i) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship, and equity instruments that are quoted in an active market, are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. DUC has elected to carry all investments at fair value.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

DUC purchases foreign currency forward contracts in United States (U.S.) dollars to hedge against foreign currency exchange exposure relating to revenue from the U.S. and expenditures denominated in U.S. dollars, which arise in the normal course of business, and to hedge against foreign currency exchange exposure relating to U.S. dollar funds held. DUC does not engage in the trading of these derivative financial instruments for profit.

Transaction costs incurred on the acquisition of financial instruments, measured subsequently at fair value, are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, DUC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount DUC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

#### (ii) Accounts, contributions and notes receivable:

Accounts, contributions and notes receivable are measured at fair value upon initial measurement. Contributions receivable represent promises from DUC supporters to make contributions in future periods. Contributions receivable are recorded at the net present value of the estimated future cash flows of the contributions.

At year end, DUC assesses whether there are any indications that the carrying amount of the receivables may be impaired. For purposes of impairment testing, each individually significant account is assessed; the balance of the accounts is grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, DUC determines whether there has been a significant adverse change in the expected timing or amount of future cash flows. When DUC identifies a significant adverse change, it reduces the carrying amount of the receivable to the higher of the amount that could be realized by selling the receivable as at the statement of financial position date, and the present value of the cash flows expected to be generated by holding the receivable.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

When the extent of impairment of a previously written down receivable decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.

#### (k) Employee future benefits:

DUC sponsors a defined benefit pension plan covering its part-time and full-time employees. The benefits are based on years of service and final average salary. DUC also provides four other post-employment benefit plans, which primarily include health care benefits.

DUC uses the immediate recognition approach to account for its defined benefit plans. Under this approach, DUC recognizes the amount of the accrued benefit obligation, net of the fair market value of plan assets (for funded plans) measured as at the date of the Statement of financial position, adjusted for any valuation allowance, in the statement of financial position.

Current service and interest costs are included in the cost of the plans for the year and recorded in the statement of revenue and expenses and changes in net assets available for current conservation activities in the year they are incurred. Remeasurement gains and losses and other items which include actuarial gains and losses, past service costs and gains and losses arising from settlements and curtailments are recognized directly in net assets in the statement of financial position.

DUC accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The accrued liability for the pension plans is determined based on an actuarial valuation report prepared for funding purposes. This funding rate is also used by DUC to determine its accrued liability for its other unfunded post-employment benefit plans. The measurement date of the plan assets and accrued benefit obligation for the pension plan coincides with DUC's fiscal year. Actuarial valuations are required to be performed at least every three years for the defined benefit pension plan by the applicable regulations. The pension plans assets are measured at fair value as at the date of the statement of financial position. In years where an actuarial valuation is not prepared, DUC uses a roll-forward technique to estimate the accrued liability using assumptions for the most recent actuarial valuation report.

DUC's unfunded post-employment benefit plan consist of a post-retirement non-pension benefit plan (PBOP), a supplemental executive retirement plan (SERP), a lump-sum benefit plan (LSBP) and a retirement income agreement (RIA). The PBOP, SERP, LSBP and RIA represent unfunded obligations.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 2. Significant accounting policies (cont'd):

#### (l) Net assets:

Net assets are segregated based upon the purpose to which they relate, which include (i) internally restricted for future conservation activities, (ii) invested in land held for resale, property, plant and equipment and conservation lands and (iii) unrestricted amounts available for current conservation activities.

Internally restricted for future conservation activities include: invested in land lease commitments, which are used to fund lease payments on long-term land conservation agreements; future habitat management, which is used to fund habitat management costs on conservation lands owned by DUC; unfunded pension and other post-retirement benefits obligations, which represent the accrued pension and post-employment benefit obligation; future development, which is used at the Board of Directors' discretion to fund future conservation activities, and provincial operating reserves for future provincial conservation activities.

#### (m) Foreign currency translation:

Monetary items denominated in a foreign currency and non-monetary items, carried at market, are adjusted as at the statement of financial position date to reflect the exchange rate in effect at that date. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

#### (n) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of contributions receivable, property, plant and equipment, inventories and obligations related to employee future benefits. Actual results could differ from those estimates.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 3. Note receivable:

The note receivable of \$985,000 (2013 - \$1,514,000), from the Ministère du Développement durable, de l'Environnement et des Parcs, Québec, bears interest at 4.49 percent per annum. All accrued interest is due and payable monthly. DUC holds no security over the note receivable. The current portion of the note receivable is included in accounts receivable in the statement of financial position.

The principal on the note receivable is payable to DUC as follows:

As at March 31  
(in thousands)

2015	\$	553
2016		432
		985
Less: current portion of note receivable		(553)
	\$	432

### 4. Contributions receivable:

Contributions receivable are comprised of the following:

As at March 31  
(in thousands)

	2014	2013
Receivable:		
Within one year	\$ 2,879	\$ 3,016
In two to five years	6,561	8,196
In six to ten years	354	653
	9,794	11,865
Less: current portion of contributions receivable	(2,879)	(3,016)
	\$ 6,915	\$ 8,849

Contributions receivable are discounted at a rate of 3% (\$449,000 at March 31, 2014 (2013 - \$1,019,000)).

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 5. Related party transactions:

DUC, Ducks Unlimited, Inc. and Ducks Unlimited de Mexico share a common continental conservation vision.

In addition, certain Board of Director members from Ducks Unlimited, Inc. and Ducks Unlimited de Mexico are Board of Director members for DUC. For financial reporting purposes, Ducks Unlimited, Inc., and DUC are considered related parties. 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. Related party balances are non-interest bearing and change frequently based on daily operating activities. Details of the related party transactions and balances are disclosed throughout the financial statements.

Ducks Unlimited, Inc. has an economic interest in DUC based on the financial support by way of various grants provided to assist DUC's implementation of their common vision. In addition to supporting its own operations, DUC shares certain information technology services for operations, fundraising and administration with Ducks Unlimited, Inc. for which DUC does not invoice.

### 6. Inventories:

During the year, the write-down to reflect inventories at the lower of cost and net realizable value was \$257,000 (2013 - \$150,000).

### 7. Investments:

Investments are carried at fair value and invested as follows:

Internally restricted investments held for land lease commitments

(in thousands)

	2014	2013
Cash	\$ 491	\$ 482
Government bond traded in active markets	98	97
	\$ 589	\$ 579

Management's intention and past practice has been to hold stripped bonds for land lease commitments to maturity, in order to fund the projects to which they relate.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 7. Investments (cont'd):

Internally restricted investments held for future habitat management

(in thousands)

	2014	2013
Cash	\$ 7,659	\$ 5,193
Investment funds traded in active markets	107,128	91,864
	\$ 114,787	\$ 97,057

DUC has segregated investments to provide for the costs of future operations and maintenance of DUC's current and future North American Waterfowl Management Plan projects.

Investments held for other conservation priorities and commitments

(in thousands)

	2014	2013
Cash	\$ 850	\$ 896
Investment funds traded in active markets	99	-
	\$ 949	\$ 896
Total Investments	\$ 116,325	\$ 98,532

DUC has segregated investments for activities undertaken in the provinces of British Columbia, Alberta and Saskatchewan and other conservation priorities. These activities include conservation work in the vicinity of Vancouver International Airport and classroom sponsorship of DUC's wetland and environmental education program.

Changes in investments held during the year:

(in thousands)

	2014	2013
Opening fair value	\$ 98,532	\$ 86,171
Add contributions	2,247	4,072
Add increase in fair value of investments	17,977	9,428
Less withdrawals	(2,431)	(1,139)
Closing fair value	\$ 116,325	\$ 98,532



# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 8. Property, plant and equipment:

As at March 31

(in thousands)

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Buildings and land	\$ 14,935	\$ 7,328	\$ 7,607	\$ 7,777
Exhibits	1,194	1,155	39	28
Vehicles	1,619	1,247	372	376
Field equipment	2,787	2,506	281	238
Office equipment	2,024	1,643	381	454
Computer equipment	2,979	2,565	414	718
Trailers	203	169	34	24
Photo equipment	441	420	21	7
Assets under construction	-	-	-	106
	\$ 26,182	\$ 17,033	\$ 9,149	\$ 9,728

### 9. Conservation Lands:

DUC retains fee simple title or joint title to conservation lands acquired, either purchased or donated, as part of DUC's investment in conservation habitat.

The continuity of conservation lands is as follows:

As at March 31

(in thousands)

	2014	2013
Balance, beginning of year	\$ 151,287	\$ 132,264
Purchases	1,379	17,732
Donated land	75	1,561
Transferred to land held for resale	(344)	-
Cost of land sold	(459)	(270)
Balance, end of year	\$ 151,938	\$ 151,287

In addition to conservation lands to which it holds title, DUC also holds conservation agreements such as conservation easements. These are legal agreements entered into by DUC under which a landowner agrees to restrict or limit the type and amount of development that may take place on his or her land to conserve its natural habitat. Once registered on title, that agreement runs with the title and binds all future owners. Conservation easements are not capitalized.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 9. Conservation Lands (cont'd):

DUC has agreements with several partners that have provided funding to purchase conservation land. Under the terms of certain agreements, DUC is responsible to monitor the use of the land acquired in accordance with the agreements and in certain cases, objectives of the North American Waterfowl Management Plan (NAWMP). Should the land be sold or cease to be used for the purposes specified, DUC may be required to reimburse certain partners for their proportionate share of the proceeds from the sale of such land at that time. At March 31, 2014, management believes that all such lands were being used for the purposes specified.

### 10. Funds held on behalf of other organizations:

DUC acts as administrator for various projects of other organizations. Funds received are not DUC revenue and, accordingly, any undisbursed funds held on behalf of such projects are reflected as a liability in the financial statements.

### 11. Obligation under capital lease:

DUC leases certain assets for development, database management systems and programming of core business systems. The lease expires April 30, 2015. One payment of \$98,000 remains to be paid on the lease in May 2014.

### 12. Deferred contributions:

(a) Deferred contributions consist of the following

For the year ended March 31 (in thousands)

	2014	2013
Deferred contributions related to operations:		
Philanthropic	\$ 13,852	\$ 16,748
Government	836	1,000
Partner	6,860	6,069
Unearned revenue	10,610	10,107
Deferred contributions related to property, plant and equipment:	2,957	3,108
	35,115	37,032
Less: discount for present value	(449)	(1,019)
	34,666	36,013
Less: current portion	(25,242)	(25,075)
Non-current deferred contributions	9,424	10,938

Major Gifts are pledges of \$10,000 and greater. DUC records 13% of the pledge as unrestricted revenue, unless otherwise externally restricted, in the year the Major Gift is secured. The remaining amounts of Major Gifts are deferred until received and expended as directed by the donor. Other externally restricted Government and Partner contributions are deferred to fund expenses of future periods when directed by the donor and are recognized as revenue in the year in which the related expenses are incurred.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 12. Deferred contributions (cont'd):

(b) The changes in the deferred contributions balances for the year are as follows:

(i) Deferred contributions related to operations:

For the year ended March 31 (in thousands)

	2014	2013
Philanthropic contributions, beginning of year	\$ 16,748	\$ 13,335
Add: contributions received or pledged recorded as deferred contributions	6,432	9,109
Less: contributions recognized as revenue during the year	(9,328)	(5,696)
Philanthropic contributions, end of year	\$ 13,852	\$ 16,748

For the year ended March 31 (in thousands)

	2014	2013
Government contributions, beginning of year	\$ 1,000	\$ 1,577
Add: contributions received and recorded as deferred contributions	2,515	1,993
Less: contributions recognized as revenue during the year	(2,679)	(2,570)
Government contributions, end of year	\$ 836	\$ 1,000

For the year ended March 31 (in thousands)

	2014	2013
Partner contributions, beginning of year	\$ 6,069	\$ 4,706
Add: contributions received and recorded as deferred contributions	8,004	8,424
Less: contributions recognized as revenue during the year	(7,213)	(7,061)
Partner contributions, end of year	\$ 6,860	\$ 6,069

For the year ended March 31 (in thousands)

	2014	2013
Unearned revenue, beginning of year	\$ 10,107	\$ 8,672
Add: receipts related to unearned revenue	8,570	7,353
Less: unearned revenue recognized during the year	(8,067)	(5,918)
Unearned revenue, end of year	\$ 10,610	\$ 10,107

(ii) Deferred contributions related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent contributed assets and externally restricted contributions for the purchase or construction of property, plant and equipment.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 12. Deferred contributions (cont'd):

The changes in the deferred contributions balance for the year are as follows:

For the year ended March 31 (in thousands)

	2014	2013
Balance, beginning of year	\$ 3,108	\$ 3,175
Add: contributed property, plant and equipment	2	106
Less: amounts amortized to revenue in the year	(153)	(173)
Balance, end of year	\$ 2,957	\$ 3,108

### 13. Revolving loan

During the year, DUC entered into a line of credit ("revolving loan") with Alberta Treasury Branches ("ATB Financial"). The revolving loan is available to a maximum of \$5 million for the purposes of funding revolving land purchases in Alberta and is drawn upon via individual loans for specific land purchases. The interest rate on each loan is determined at the time of the draw and can be set at a fixed or floating rate. Individual loans are due on demand and require monthly interest-only payments with a bullet payment due no later than 4 years from the initial advance.

In conjunction with the revolving loan, DUC signed a donation agreement with ATB Financial for up to a maximum \$100,000 gift each year, for ten years, to offset interest costs on the loan. Based on interest rates in effect at March 31, 2014, the annual interest costs would be \$85,500 had the full \$5 million available under facility been drawn on that date.

As of March 31, 2014 the revolving loan is comprised of the following:

(in thousands)

	2014
Draw #1, due February 18, 2018	\$ 1,796
Draw #2, due March 17, 2018	230
	\$ 2,026

Amounts drawn on the revolving loan are secured by specific land and bear interest at 1.71 percent.

### 14. Pension and other post-employment benefits:

DUC sponsors defined benefit plans providing pension and other post-employment benefits to its employees. DUC early adopted ASNPO 3463, "reporting employee future benefits by not-for-profit organizations", which replaces ASPE 3461 - Employee future benefits and supplements ASPE 3462, which DUC early adopted for the year ended March 31, 2013 (note 24).

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 14. Pension and other post-employment benefits (cont'd):

Individual actuarial valuations are required to be performed at least every three years for the defined benefit pension plan. The unfunded status of the plan creates an additional requirement to have annual actuarial valuations performed. The last actuarial valuation was performed as of December 31, 2013. The next required actuarial valuation for the pension benefit plan will be as of December 31, 2014. The measurement date used for the benefit obligation and plan assets is March 31 of each year.

Information about the DUC's defined benefit plan as at March 31, in aggregate, is as follows:

(in thousands)

	Pension benefit plans		Other benefit plan	
	2014	2013	2014	2013
Benefit obligation, end of year	\$(97,000)	\$(91,102)	\$ (11,965)	\$ (11,839)
Plan assets fair value, end of year	97,523	80,592	-	-
Funded status - plan surplus/(deficit)	\$ 523	\$(10,510)	\$ (11,965)	\$ (11,839)

The total plan deficit at March 31, 2014 is \$11,442,000 (2013 - \$22,349,000).

The pension and post-employment benefit expense is comprised of:

For the year ended March 31

(in thousands)

	2014	2013
Current service cost	\$ 1,983	\$ 2,560
Finance cost	5,574	5,349
Total current service and finance cost expense	\$ 7,557	\$ 7,909

The changes in accrued pension and post-employment benefits obligations are:

As at March 31

(in thousands)

	2014	2013
Balance, beginning of year	\$ 22,349	\$ 27,460
Total current service and finance cost expense	7,557	7,909
Remeasurement and other items	(9,167)	(5,631)
Employer contributions	(9,297)	(7,389)
Balance, end of year	\$ 11,442	\$ 22,349

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 15. Internally restricted for future conservation activities:

(a) Internally restricted for future conservation activities consist of:

As at March 31  
(in thousands)

	2014	2013
Provincial operating reserve	\$ 2,115	\$ -
Future habitat management	114,787	97,057
Unfunded pension and other post-employment benefits obligations	(11,442)	(22,349)
Future development	7,420	7,420
Land lease commitments	589	579
	\$ 113,469	\$ 82,707

Annually, the Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted for future conservation activities (note 2 (l)).

(b) Transfers of net assets internally restricted for future conservation activities to (from) unrestricted net assets available for conservation activity:

For the year ended March 31  
(in thousands)

	2014	2013
Provincial operating reserve	\$ (2,115)	\$ -
Future habitat management	(17,730)	(12,290)
Unfunded pension and other employee benefits obligations	(1,740)	520
Transfer from future development	-	1,882
Land lease commitments	(10)	(116)
	\$ (21,595)	\$ (10,004)

Pension remeasurement gains in relation to the unfunded pension and other employee benefits obligation above of \$9,167,000 for the year ended March 31, 2014 (2013 - \$5,631,000) have been recorded directly to net assets.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 16. Invested in land held for resale, property, plant and equipment and conservation lands:

- (a) Invested in land held for resale, property, plant and equipment and conservation lands consist of:

As at March 31  
(in thousands)

	2014	2013
Invested in land held for resale	\$ 6,778	\$ 1,917
Invested in property, plant and equipment	6,094	6,427
Invested in conservation land (note 9)	151,938	151,287
	<u>\$ 164,810</u>	<u>\$ 159,631</u>

- (b) Invested in land held for resale consists of:

As at March 31  
(in thousands)

	2014	2013
Land held for resale	\$ 9,753	\$ 2,707
Revolving loan	(2,026)	-
Deferred contributions restricted for land held for resale	(949)	(790)
	<u>\$ 6,778</u>	<u>\$ 1,917</u>

- (c) Invested in property, plant and equipment consists of:

As at March 31  
(in thousands)

	2014	2013
Property, plant and equipment, net of accumulated amortization	\$ 9,149	\$ 9,728
Obligation under capital lease	(98)	(193)
Deferred contributions - property, plant and equipment (note 12)	(2,957)	(3,108)
	<u>\$ 6,094</u>	<u>\$ 6,427</u>

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 16. Invested in land held for resale, property, plant and equipment and conservation lands (cont'd):

- (d) Increase (decrease) in investments in land held for resale, property, plant and equipment and conservation lands:

For the year ended March 31  
(in thousands)

	2014	2013
Land held for resale	\$ 4,861	\$ (1,057)
Property, plant and equipment	(333)	(102)
Conservation lands (note 9)	651	19,023
	\$ 5,179	\$ 17,864

The total increase in investments in land held for resale, property, plant and equipment and conservation land includes donated land and contributions restricted for land purchases of \$75,000 (2013 – \$3,561,000) resulting in net amounts transferred from net assets available for current conservation activities of \$5,104,000 (2013 - \$14,303,000).

- (e) The change in net assets invested in property, plant and equipment is calculated as follows:

For the year ended March 31  
(in thousands)

	2014	2013
Excess (deficiency) of revenue over expenses:		
Amortization of deferred contributions related to property, plant and equipment	\$ 153	\$ 173
Amortization of property, plant and equipment	(1,180)	(1,189)
Proceeds from disposal of property, plant and equipment	(8)	-
Gain (Loss) on sale of property, plant and equipment	(7)	22
Invested in capital assets:		
Purchases of property, plant and equipment, net of disposals	616	906
Principal payment under capital lease	95	92
Additions to deferred contributions related to capital assets	(2)	(106)
	\$ (333)	\$ (102)



# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 16. Invested in land held for resale, property, plant and equipment and conservation lands (cont'd):

(f) The change in net assets invested in land held for resale is calculated as follows:

For the year ended March 31  
(in thousands)

	2014	2013
Purchases of land held for resale	\$ 7,004	\$ 3
Proceeds from revolving loan	(2,026)	-
Transfer from conservation lands	344	-
Increase in deferred contributions restricted for land held for resale	(159)	(790)
Proceeds from disposal of land held for resale	(257)	(270)
Loss on land held for resale	(45)	-
	\$ 4,861	\$ (1,057)

### 17. Commitments:

Lease agreement commitments:

DUC has entered into operating lease agreements with varying terms to 2019 covering certain office premises, equipment and vehicles. DUC has also entered into land lease agreements with varying terms to 2032.

The future minimum lease payments in each of the next five years and in aggregate to expiry are approximately as follows:

For the year ending March 31  
(in thousands)

	Office, equipment and vehicle leases	Land lease agreements	Total
2015	\$ 1,545	\$ 118	\$ 1,663
2016	1,179	104	1,283
2017	904	96	1,000
2018	475	90	565
2019	85	86	171
2020 to expiry	-	381	381
	\$ 4,188	\$ 875	\$ 5,063

DUC has segregated investments, with a fair value of \$589,000 (2012 - \$579,000), to provide for the future payments required under land lease agreements (note 7).

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 18. Philanthropic fundraising revenue:

For the year ended March 31  
(in thousands)

	2014	2013
Philanthropic fundraising:		
Major gift development – cash and pledges	\$ 8,417	\$ 11,743
Annual direct response	564	523
	8,981	12,266
Less:		
Directed major gifts received or pledged recorded as		
Deferred contributions	(6,432)	(9,109)
Add:		
Directed major gifts recorded as deferred contributions		
used in the current year	9,328	5,696
Philanthropic fundraising revenue	\$ 11,877	\$ 8,853

### 19. Other information:

Other information not otherwise disclosed in these financial statements is as follows:

For the year ended March 31  
(in thousands)

	2014	2013
Included within philanthropic fundraising revenue:		
Donated investments	\$ 102	\$ 45
Pledge revenue recognized	596	539
Included within program and other revenue:		
Foreign exchange gains (losses)	92	(4)
Government remittances included within:		
Accounts receivable	43	55
Accounts payable and accrued liabilities	16	4

### 20. Non-government partnership revenue:

For the year ended March 31  
(in thousands)

	2014	2013
Ducks Unlimited, Inc.	\$ 3,370	\$ 3,794
Other non-government organizations	7,273	7,062
	\$ 10,643	\$ 10,856

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 21. Government grants:

For the year ended March 31  
(in thousands)

	2014	2013
USFWS	\$ 19,021	\$ 34,749
US State	3,032	2,912
Canadian Federal	3,630	2,314
Canadian Provincial	2,310	3,487
Canadian Municipal	13	252
	\$ 28,006	\$ 43,714

The United States Fish and Wildlife Services (USFWS), the National Fish and Wildlife Foundation (NFWF) and various American federal agencies have provided funds to DUC to be expended on certain NAWMP projects.

USFWS reserves the right to review the books and records of DUC to ensure expenditures have been made for the purposes intended and within the specified time period from the date of funding. DUC is able, within one year, to either reallocate or return funds related to any expenditure that does not meet USFWS approval. DUC has never been required to return funds as a result of these monitoring visits.

### 22. Change in non-cash working capital:

The change in non-cash current assets and current liabilities related to operations consists of the following:

For the year ended March 31  
(in thousands)

	2014	2013
Change in non-cash assets and liabilities from operations:		
Decrease (increase) in:		
Accounts receivable	\$ 1,656	\$ (2,939)
Contributions receivable	2,641	(4,709)
Receivable from Ducks Unlimited, Inc.	(1,977)	634
Inventories	847	(626)
Project materials and prepaid expenses	392	(282)
Note receivable	553	529
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,795)	1,666
Payable to Ducks Unlimited, Inc.	(677)	677
Funds held on behalf of other organizations	79	(475)
Deferred contributions	(1,766)	5,634
	\$ (1,047)	\$ 109

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 23. Risk management:

#### (a) Financial risks:

##### (i) Currency risk:

DUC is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, DUC receives funding, issues invoices and purchases inventories denominated in U.S. dollars. There has been no change to the risk exposure from 2013. DUC uses forward exchange contracts to help manage its exposure to unfavorable movements in U.S dollars. As at March 31, 2014 there were no open forward exchange contracts outstanding (2013 – U.S \$5,725,000 in exchange for CDN \$5,743,000).

##### (ii) Liquidity risk:

Liquidity risk is the risk that DUC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. DUC manages its liquidity risk by monitoring its operating requirements. DUC prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

DUC has established arrangements for a revolving demand facility to a maximum of \$3,000,000 (2013 - \$3,000,000) with interest at prime, repayable on demand and secured by a general security agreement. The revolving demand facility was not drawn upon at March 31, 2014 (2013 – nil).

##### (iii) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. DUC deals with creditworthy counterparties to mitigate the risk of financial loss from defaults.

Credit risk on bonds is minimized as DUC invests primarily in Government bonds, Government-guaranteed bonds, investment grade corporate bonds and bond funds. The credit risk related to DUC's accounts receivable and contributions receivable is mitigated as the majority is owed by Government agencies, corporations and individuals who have historically supported the activities of DUC. There is no significant concentration of accounts receivable and contributions receivable.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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### 23. Risk management: (cont'd)

#### (iv) Interest rate risk:

DUC is exposed to interest rate risk through its revolving loan facility with ATB Financial as described in note 13. The interest rate exposure is mitigated by a donation made by ATB Financial to DUC to offset the interest costs incurred on the loan up to \$100,000 annually for 5 years.

DUC's fixed income investments are exposed to the risk that the value of interest-bearing investments will fluctuate due to changes in the level of market interest rates. To properly manage DUC's interest rate risk, appropriate guidelines on the weighting and duration for bonds and other fixed income investments are set and monitored.

#### (v) Price risk:

DUC's investments in equities are sensitive to market fluctuations. To properly manage DUC's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored.

#### (b) Concentration of risk:

##### (i) Industry:

DUC operates in the not-for-profit sector and is affected by general economic trends. A decline in economic conditions, an adverse change in public policy or other adverse conditions could lead to reduced revenue from philanthropic giving, grassroots fundraising, non-government partnership revenue or government grants. Although DUC operates under multi-year contracts with some agencies, grants and awards are approved annually and past grant levels are not necessarily indicative of future financial support.

##### (ii) Geographical risk:

DUC secures revenue from philanthropic giving, grassroots fundraising, and non-government partnerships from across Canada and the United States. In addition, DUC secures government grants from a variety of municipal, provincial, state, and federal sources in Canada and the United States.

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

### 24. Early adoption of accounting policies and restatement of comparative information:

During the year, DUC early adopted ASNPO 3463, "Reporting employee future benefits by not-for-profit organizations", which replaces ASPE 3461 - Employee future benefits and supplements ASPE 3462, which DUC early adopted for the year ended March 31, 2013. Section 3462 and 3463 require immediate recognition of all gains and losses arising from defined benefit plans as they are incurred. Additionally, Section 3463 requires remeasurement and other items for the period be recognized directly in net assets in the statement of financial position rather than in the statement of revenue and expense and changes in net assets available for current conservation activities. Current service costs and finance costs continue to flow through the statement of revenue and expense and changes in net assets available for current conservation activities.

The statement of revenue and expenses and changes in net assets available for current conservation activities has been adjusted for the adoption of ASNPO 3463, for the reclassification of an amount equal to the balance of land held for resale from net assets available for current activities to "Invested in land held for resale, property, plant and equipment and conservation lands", and for the reclassification of donated land previously recorded in philanthropic fundraising revenue directly to net assets. A summary of the impact of the changes is noted as follows:

(in thousands)

	2013
Excess of revenue over expenses, as previously reported for the year ended March 31	\$ 29,415
Less: pension obligation remeasurement and other items	(5,631)
Less: donated land recorded directly to net assets	(1,561)
Restated for the year ended March 31	\$ 22,223
Transfers from net assets available for current conservation activities, as previously reported for the year ended March 31	\$ (32,556)
Less: pension obligation remeasurement and other items	5,631
Less: donated land recorded directly to net assets	1,561
Less: reclassification of changes in land held for resale	1,057
Restated for the year ended March 31	\$ (24,307)
Available for current conservation activities, as previously reported at March 31, 2012	\$ 9,384
Less: invested in land held for resale at March 31, 2012	(2,974)
Restated balance as at March 31, 2012	\$ 6,410
Available for current conservation activities, as previously reported	\$ 6,243
Less: invested in land held for resale at March 31	(1,917)
Restated balance as at March 31	\$ 4,326

# DUCKS UNLIMITED CANADA

## Notes to Financial Statements

March 31, 2014

(Expressed in Canadian dollars unless otherwise noted)

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**24. Early adoption of accounting policies and restatement of comparative information: (cont'd)**

Note 14 presents the elements that comprise pension and employee benefit expense. Management concluded that presenting the current service cost within the “excess of revenue over expenses before the following” and the “finance costs” separately to calculate excess of revenue over expenses for the year would provide more relevant information by segregating the components with higher volatility due to economic and other factors.

**25. Comparative financial information:**

In addition to the restated amounts as disclosed in Note 24, certain other comparative financial information has been reclassified to conform to the presentation adopted in the current year.

