Financial Statements of
[expressed in Canadian dollars]

DUCKS UNLIMITED CANADA

March 31, 2023

Independent auditor's report

To the Directors of Ducks Unlimited Canada

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ducks Unlimited Canada (DUC) as at March 31, 2023 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.

What we have audited
DUC's financial statements comprise:

- the statement of financial position as at March 31, 2023;
- the statement of revenue, expenses and changes in unrestricted net assets for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence
We are independent of DUC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing DUC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate DUC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing DUC's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DUC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on DUC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause DUC to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
June 12, 2023

DUCKS UNLIMITED CANADA

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

As at March 31

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 20,582	$ 19,019
Accounts receivable (note 15)	29,387	27,620
Derivative asset (note 19)	-	576
Project materials, prepaid expenses, and deposits	2,083	2,418
Short-term investments (note 4)	9,493	15,701
	61,545	65,334
Investments (note 4)	171,271	174,053
Property, plant and equipment, net of accumulated amortization (note 5)	7,515	7,361
Land held for resale (note 6)	15,960	12,613
Conservation lands (note 7)	206,947	195,539
	$ 463,238	$ 454,900
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 14 and 15)	12,991	14,031
Revolving loans (note 8)	14,965	10,923
Derivative liability (note 19)	297	-
Deferred contributions from Ducks Unlimited, Inc. (note 3)	3,817	1.145
Current portion of unearned revenue	7,692	7,152
Current portion of deferred contributions (note 9)	12,103	15,258
	51,865	48,509
Unearned revenue	3,544	8,972
Deferred contributions (note 9)	1,973	2,135
Accrued pension and post-employment benefits obligations (notes 10 and 22)	19,103	11,792
	76,485	71,408
Commitments (note 15)		
Net assets to support conservation activities:		
Internally restricted (note 11)	161,785	169,765
Invested in land held for resale, property, plant an equipment and conservation lands (note 12)	212,718	201,487
Unrestricted	12,250	12,240
	386,753	383,492
	$ 463,238	$ 454,900

See accompanying notes to financial statements.

On behalf of the Board:

Roger d'Eschambault
President

Sara Penner
Treasurer

DUCKS UNLIMITED CANADA

Statement of Revenue and Expenses and Changes in Unrestricted Net Assets
(Expressed in thousands of Canadian dollars)

Year ended March 31

	2023	2022
Revenue:		
Grant revenue (notes 6 and 16)	$ 94,994	$ 70,386
Program and other (note 15)	19,416	18,185
Fundraising revenue (note 17)	24,982	8,012
Investment income	1,775	9,759
	141,167	106,342
Expenses (note 20):		
Conservation program (notes 8 and 15)	117,904	82,473
Fundraising	5,320	4,535
Administration (note 15)	7,398	6,986
	130,622	93,994
Surplus of revenue over expenses for the year	10,545	12,348
Transfers from unrestricted net assets (note 13)	(10,535)	(13,103)
Change in unrestricted net assets	10	(755)
Opening balance, unrestricted net assets	12,240	12,995
Closing balance, unrestricted net assets	$ 12,250	$ 12,240

See accompanying notes to financial statements.

DUCKS UNLIMITED CANADA

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

	Internally restricted (note 11)	Invested in land held for resale, property, plant and equipment and conservation lands (note 12)	Unrestricted (note 13)	Total
Balance, March 31, 2021	$ 164,469	$ 195,205	$ 12,995	$ 372,669
Surplus of revenue over expenses for the year	$ -	$ -	$ 12,348	$ 12,348
Pension remeasurement, valuation allowance and other items (note 10)	(2,978)	-	-	(2,978)
Internally imposed restrictions (note 11(b))	8,274	-	(8,274)	-
Invested in land held for resale, property, plant and equipment and conservation lands (note 12)	-	4,829	(4,829)	-
Donated land and equipment (notes 7 and 12)	-	1,453	-	1,453
Balance, March 31, 2022	$ 169,765	$ 201,487	$ 12,240	$ 383,492
Surplus of revenue over expenses for the year	$ -	$ -	$ 10,545	$ 10,545
Pension remeasurement and change in accounting policy (notes 10 and 22)	(7,578)	-	-	(7,578)
Internally imposed restrictions (note 11(b))	(402)	-	402	-
Invested in land held for resale, property, plant and equipment and conservation lands (note 12)	-	10,937	(10,937)	-
Donated land and equipment (notes 7 and 12)	-	294	-	294
Balance, March 31, 2023	$ 161,785	$ 212,718	$ 12,250	$ 386,753

See accompanying notes to financial statements.

DUCKS UNLIMITED CANADA

Statement of Cash Flows
(Expressed in thousands of Canadian dollars)

Year ended March 31

	2023	2022
Cash provided by (used in):		
Operating activities:		
Surplus of revenue over expenses for the year	$ 10,545	$ 12,348
Adjustments for items not affecting cash:		
Depreciation and amortization	1,006	870
Amortization of deferred contributions related to property, plant and equipment	(174)	(172)
Loss on disposal of property, plant and equipment	1	6
Loss on disposal of land held for resale	403	1,781
Loss on disposal of conservation lands	-	97
Non-cash pension and post-employment benefit expense	2,086	1,809
Net change in realized and unrealized loss (gain) on Investments	1,618	(7,205)
Unrealized gain (loss) on derivative financial instruments	873	(491)
Employer contributions to pension	(2,353)	(4,383)
Net change in non-cash working capital (note 18)	(7,843)	2,308
	6,162	6,968
Investing activities:		
Contributions to investments	(8,522)	(11,333)
Proceeds from disposal of investments	15,894	13,737
Purchase of conservation lands	(11,166)	(5,192)
Proceeds from disposal of conservation lands	44	100
Purchase of land held for resale	(6,983)	(4,288)
Proceeds from disposal of land held for resale	3,233	5,392
Purchase of property, plant and equipment	(1,159)	(1,107)
Proceeds from sale of property, plant and equipment	6	23
	(8,653)	(2,668)
Financing activities:		
Contributions restricted for purchase of property, plant and equipment	12	188
Proceeds from revolving loans	7,294	5,390
Repayment of revolving loans	(3,252)	(7,741)
	4,054	(2,163)
Net increase in cash and cash equivalents during the year	1,563	2,137
Cash and cash equivalents, beginning of year	19,019	16,882
Cash and cash equivalents, end of year	$ 20,582	$ 19,019

See accompanying notes to financial statements.

1. General:

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

2. Significant accounting policies:

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies described below.

(a) Revenue recognition:

DUC follows the deferral method of accounting for contributions.

Contributions received with external restrictions are deferred until the related obligations are met. Unrestricted contributions are recorded as revenue when received.

Externally restricted contributions for non-capital items are initially deferred when recorded in the accounts and 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.

Contributions that are externally restricted for the purpose of depreciable capital asset acquisitions or construction are deferred when initially recorded in the accounts and are amortized to revenue over the estimated useful life of the respective capital assets on a straight-line basis.

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

In-kind contributions are recorded at fair market value on the date of contribution.

2. Significant accounting policies (cont'd):

Revenue from fundraising events is recognized when received from the volunteer committee. Revenue from the sale of merchandise is recognized when merchandise is picked up or shipped to the customer, collection is reasonably assured and the value of the sale is known.

Program revenue includes amounts earned through land and water leases and haying and grazing agreements as well as conservation restoration and related services contracts. DUC recognizes revenue from land and water leases and haying and grazing agreements over the period to which the agreement relates when collection is reasonably assured and the amount of revenue is measurable. Conservation restoration and related services revenue is recognized based on the percentage of work completed towards fulfilling the contractual obligations under the agreement, when the value of the revenue is measurable and collection is reasonably assured.

Investment income includes dividend and interest income, income distributions from pooled funds and equity, 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 unrestricted net assets.

(b) Conservation program expenses:

The ongoing 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 costs are incurred, and consist of project development, construction and maintenance of the habitat areas through conservation easements, leases and rights of way.

Conservation easements 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.

(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.

2. Significant accounting policies (cont'd):

(d) Project materials:

Project materials are valued at the lower of cost and replacement cost, with cost determined at average cost.

(e) Land held for resale:

Land held for resale is recorded at the lower of cost and estimated amount recoverable from its sale. 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.

(f) Property, plant and equipment:

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at appraised values, which approximates fair value, at the date of contribution.

Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives. Any gain or loss on disposal of these assets is recorded in the statement of revenue and expenses and changes in unrestricted net assets in the year of disposal.

The estimated useful lives of property, plant and equipment are as follows:

Assets	Years
Buildings	20-40
Exhibits	4-10
Vehicles	4
Equipment	3-10

(g) 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 with an equal amount recorded directly to net assets.

(h) 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.

2. Significant accounting policies (cont'd):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments, equity instruments and pooled funds 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.

DUC purchases foreign currency forward contracts in United States ("U.S.") dollars ("USD") to hedge against foreign currency exchange exposure relating to revenue from the U.S. and expenditures denominated in USD, which arise in the normal course of business, and to hedge against foreign currency exchange exposure relating to USD funds held. DUC's current policy is to hedge up to 80% of the USD currency exchange exposure of the subsequent year. DUC does not engage in the trading of these derivative financial instruments for speculative purposes. DUC does not formally designate these contracts as part of a hedging relationship, and as a result, these contracts are recorded at fair value. Unrealized gains and losses on foreign exchange contracts are recognized at each reporting period along with a corresponding amount recognized on the statement of financial position.

Investing activities on the statement of cash flows relating to the DUC investment portfolio (note 4) are presented on a net basis where realized gains (losses), interest and dividends and any other distributions are automatically reinvested within the portfolio.

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

(k) Employee future benefits:

DUC sponsors a defined benefit pension plan covering qualifying 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 or provision for adverse deviation required by legislation, in the statement of financial position. The excess of funding payments over pension expense is recorded as an asset to the extent there is a future economic benefit to DUC in the form of refunds from the plans or reductions in future contributions. A valuation allowance is recorded to the extent refunds from the plan or reductions in future contributions are not permissible.

2. Significant accounting policies (cont'd):

Current service and finance costs are included in the cost of the plans for the year and recorded in the statement of revenue and expenses and changes in unrestricted net assets 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 changes in net assets.

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. The accrued liability for the other post-employment benefit plans is prepared using and actuarial valuation for accounting purposes. The measurement date of the plan assets and accrued benefit obligation for the pension plan coincides with DUC's fiscal year. The pension plan's assets are measured at fair value as at the date of the statement of financial position.

DUC's unfunded post-employment benefit plans 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.

Actuarial valuations are performed at least every three years for the defined benefit plans. 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.

(l) 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. Non-monetary assets and liabilities and revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

(m) Allocation of expenses:

Information technology expenses are allocated between conservation program, fundraising and administration expenses based on the number of people employed within those functions.

2. Significant accounting policies (cont'd):

(n) Donated goods and services:

Donated project materials and supplies are recorded at their fair value, as revenue and expenses, at the date of contribution when fair value can be reasonably estimated and when the materials and supplies are used in the normal course of operations and would otherwise have been purchased.

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.

(o) 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 property, plant and equipment, percentage of completion amounts related to conservation restoration services and obligations related to employee future benefits. Actual results could differ from those estimates.

3. Related party transactions:

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

In addition, certain Board of Directors members from Ducks Unlimited, Inc. and Ducks Unlimited de Mexico are Board of Directors 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.

4. Investments:

DUC's investments consist of the following:

As at March 31 (in thousands)

		2023		2022
Cash	$	4,739	$	5,757
Fixed income – Canadian		45,421		55,194
Fixed income – U.S.		8,336		9,021
Equity investments - Canadian		31,368		30,769
Equity investments - U.S.		46,140		53,659
Equity investments – Other		41,713		34,346
Alternative investments – Canadian		2,526		1,008
Alternative investments – U.S.		521		-
Total Investments		180,764	$	189,754
Less: Short term investments		(9,493)		(15,701)
Investments	$	171,271	$	174,053

Short term investments represent guaranteed investment certificates with a maturity date within the next twelve months from the respective balance sheet date. A portion of DUC's fixed income investments are pledged as collateral for the CIBC credit facility (note 8).

5. Property, plant and equipment:

As at March 31, 2023 (in thousands)

		Cost		Accumulated amortization		Net book value
Buildings	$	16,179	$	(10,289)	$	5,890
Exhibits		829		(825)		4
Vehicles		1,726		(1,543)		183
Equipment		7,593		(6,155)		1,438
	$	26,327	$	(18,812)	$	7,515

As at March 31, 2022 (in thousands)

		Cost		Accumulated amortization		Net book value
Buildings	$	15,644	$	(9,797)	$	5,847
Exhibits		829		(824)		5
Vehicles		1,652		(1,564)		88
Equipment		7,322		(5,901)		1,421
	$	25,447	$	(18,086)	$	7,361

6. 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. Revenue from grants includes specific funding of $1,362,000 (2022 - $2,574,000) to cover losses incurred on disposals of land held for resale.

The continuity of land held for resale is as follows:

As at March 31 (in thousands)

	2023	2022
Balance, beginning of year	$ 12,613	$ 15,498
Purchases	6,983	4,288
Proceeds from land sold	(3,233)	(5,392)
Loss on disposal of land sold	(403)	(1,781)
Balance, end of year (note 12)	$ 15,960	$ 12,613

7. 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. In addition to conservation lands to which it holds title, DUC also holds conservation agreements such as conservation easements which are not recorded as an asset. Conservation agreement costs are expensed as incurred.

The continuity of conservation lands is as follows:

As at March 31 (in thousands)

	2023	2022
Balance, beginning of year	$ 195,539	$ 189,241
Purchases	11,166	5,192
Donated land (note 12)	286	1,303
Proceeds from land sold	(44)	(100)
Loss on disposal of land sold	-	(97)
Balance, end of year (note 12)	$ 206,947	$ 195,539

DUC has agreements with several partners that have provided funding to purchase conservation land. Under the terms of certain agreements, DUC is responsible for monitoring 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. As at March 31, 2023, management believes that all such lands were being used for the purposes specified.

8. Revolving loans:

Revolving loans are used to fund land acquired to obtain conservation easements to preserve wetlands. The land is sold once the conservation easement is in place. Interest on revolving loans is classified as a conservation program expense.

Outstanding balances on revolving loans were as follows:

As at March 31 (in thousands)

	2023	2022
ATB	$ 4,951	$ 3,400
CIBC	10,014	7,523
	$ 14,965	$ 10,923

Amounts drawn on the Alberta Treasury Branch Financial ("ATB") loan are secured by specific land and bear interest at 5.34% (2022 – 1.34%). The loan is drawn upon via individual loans up to a maximum of $5,000,000, which are due on demand and require monthly interest-only payments with a bullet payment due no later than four years from the initial advance. Current due dates range from March 2025 to March 2027.

In conjunction with the ATB loan, DUC signed a donation agreement with ATB for up to a maximum $100,000 gift each year, until December 2023, to offset interest costs on the loans. Based on the interest rates in effect on March 31, 2023, the annual interest costs would be $267,000 had the full $5,000,000 available under the facility been drawn on that date.

Amounts drawn on the Canadian Imperial Bank of Commerce ("CIBC") credit facility are secured by a pledge of investments with a fair value of $22,627,000 (note 4). The credit facility bears interest at CIBC's prime rate minus 0.50% (March 31, 2023 – 6.20%; March 31, 2022– 2.20%) and is due on demand. During the year, the maximum amount available under the credit facility was $30,000,000.

9. Deferred contributions:

(a) Deferred contributions consist of the following:

As at March 31 (in thousands)

	2023	2022
Deferred contributions related to operations	$ 10,967	$ 14,122
Deferred contributions related to land held for resale	1,136	1,136
Current portion of deferred contributions	$ 12,103	$ 15,258
Deferred contributions related to property, plant and equipment	1,973	2,135
	$ 14,076	$ 17,393

9. 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)	2023	2022
Balance, beginning of year	$ 14,122	$ 10,128
Add: contributions received recorded as deferred contributions	43,363	32,187
Less: contributions recognized as revenue during the year	(46,518)	(28,193)
Balance, end of year	$ 10,967	$ 14,122

(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, and are presented as long-term on the statement of financial position.

For the year ended March 31 (in thousands)	2023	2022
Balance, beginning of year	$ 2,135	$ 2,119
Add: contributions received restricted for acquiring property, plant and equipment	12	188
Less: amounts amortized to revenue in the year	(174)	(172)
Balance, end of year	$ 1,973	$ 2,135

10. Pension and other post-employment benefits:

DUC sponsors defined benefit plans providing pension and other post-employment benefits to its employees.

Actuarial valuations are required to be performed at least every three years for the defined benefit pension plan due to the funded status of the plan. The last actuarial valuation was performed as at December 31, 2021. The next required actuarial valuation for the pension benefit plan will be as at December 31, 2024. The measurement date used for the benefit obligation and plan assets is March 31 of each year.

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

Information about DUC's defined benefit plan, in aggregate, is as follows:

As at March 31 (in thousands)

	Pension benefit plans		Other benefit plan	
	2023	2022	2023	2022
Benefit obligation, end of year	$ (97,070)	$ (84,344)	$ (12,156)	$ (11,792)
Plan assets fair value, end of year	90,123	91,520	-	-
Funded Status	$ (6,947)	$ 7,176	$ (12,156)	$ (11,792)
Valuation Allowance	-	(7,176)	-	-
Funded status - plan deficit	$ (6,947)	$ -	$ (12,156)	$ (11,792)

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

For the year ended March 31 (in thousands)

	2023	2022
Balance, beginning of year	$ 11,792	$ 11,388
Remeasurement – cumulative effect of accounting policy changes (note 22)	11,960	-
Current service cost	1,414	1,569
Interest cost on accrued benefit	672	240
Remeasurement and other items	(4,382)	1,274
Valuation allowance	-	1,704
Employer contributions	(2,353)	(4,383)
Balance, end of year	$ 19,103	$ 11,792

11. Internally restricted net assets:

(a) Internally restricted net assets consist of the following:

As at March 31 (in thousands)

	2023	2022
Future habitat management	$ 142,853	$ 147,151
Future development	11,313	10,498
Provincial operating reserve	18,451	15,454
Land lease commitments	8,271	8,454
Unfunded pension and other post-employment benefits obligations (note 10)	(19,103)	(11,792)
	$ 161,785	$ 169,765

11. Internally restricted net assets (cont'd):

Net assets invested in future habitat management are used to fund habitat management costs on conservation lands owned by DUC; net assets invested in future development are used at the Board of Directors' discretion to fund future conservation activities; net assets invested in provincial operating reserve are used for future provincial conservation activities; and net assets invested in land lease commitments represent amounts internally restricted to fund lease payments on long-term land conservation agreements. The unfunded pension and other post-employment benefits obligation represents the accrued pension and post-employment benefits obligations.

The Board of Directors determines the amount, if any, to be transferred between unrestricted and internally restricted net assets for future conservation activities.

(b) Transfers of internally restricted net assets (from) to unrestricted net assets available for conservation activity are as follows:

For the year ended March 31 (in thousands)

		2023		2022
Future habitat management	$	4,298	$	(4,434)
Future development		(815)		333
Provincial operating reserve		(2,997)		(1,129)
Land lease commitments		183		(470)
Unfunded pension and other post-employment benefits obligations		(267)		(2,574)
	$	402	$	(8,274)

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

Invested in land held for resale, property, plant and equipment and conservation lands represents the net book value of acquisitions that have been internally funded as follows:

As at March 31 (in thousands)

		2023		2022
Invested in conservation lands (note 7)	$	206,947	$	195,539
Invested in property, plant and equipment (notes 5 and 9(b)(ii))		5,542		5,226
Invested in land held for resale (notes 6, 8 and 12)		229		722
	$	212,718	$	201,487

The increase in net assets invested in land held for resale, property, plant and equipment and conservation lands was $11,231,000 (2022 - $6,282,000), of which $10,937,000 (2022 - $4,829,000) was funded by unrestricted net assets, 286,000 (2022 - $1,303,000) was contributed as donated land (note 7) and $8,000 was contributed as equipment (2022 – $150,000).

13. Unrestricted net assets:

Unrestricted net assets are used to fund DUC's activities and make investments in land held for resale, conservation lands and property, plant and equipment. Unrestricted net assets may also be internally restricted by the Board of Directors.

Amounts transferred from unrestricted net assets were as follows:

For the year ended March 31 (in thousands)

	2023	2022
Internally imposed restrictions (note 11(b))	$ (402)	$ 8,274
Invested in land held for resale, property, plant and equipment and conservation lands (note 12)	10,937	4,829
	$ 10,535	$ 13,103

14. Commitments:

Lease agreement commitments:

DUC has entered into operating lease agreements with varying terms to 2028 covering certain office premises, equipment and vehicles. DUC has also entered into land lease agreements with varying terms to 2052.

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
2024	$ 1,700	$ 976	$ 2,676
2025	1,049	947	1,996
2026	705	899	1,604
2027	491	831	1,322
2028	276	654	930
2029 to expiry	-	1,916	1,916
	$ 4,221	$ 6,223	$ 10,444

15. Other information:

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

For the year ended March 31 (in thousands)

	2023	2022
Government remittances included within accounts payable and accrued liabilities	$ 6	$ 46
Government remittances included within accounts receivable	225	186
Interest expense on current liabilities included within conservation program expenses	500	192
Interest expense on current liabilities included within administration expenses	43	-
Foreign exchange (loss) gain included within program and other revenue	(1,740)	861

16. Grant revenue:

For the year ended March 31 (in thousands)

	2023	2022
USFWS	$ 37,862	$ 25,713
Ducks Unlimited, Inc.	11,597	6,560
U.S. state	5,540	4,494
Canadian federal	20,965	15,788
Canadian provincial	5,766	9,207
Canadian municipal	459	264
Other non-government organizations	12,805	8,360
	$ 94,994	$ 70,386

The United States Fish and Wildlife Service (“USFWS”), the National Fish and Wildlife Foundation 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 withing the specified time period from the date of funding. DUC is able, within on year, to either reallocate or return funds related to any expenditure that does not meet USFWS approval.

17. Fundraising revenue:

For the year ended March 31 (in thousands)

	2023	2022
Restricted donations	$ 4,414	$ 3,217
Unrestricted donations	3,881	3,974
Conservation easement and other in-kind donations	14,888	34
Other fundraising revenue	1,799	787
	$ 24,982	$ 8,012

During the year, DUC acquired a conservation easement with a fair value of $24,901,000. Of this amount, $10,120,000 was satisfied by way of cash and $14,781,000 is included in conservation easement and other in-kind donations.

18. Net 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)

	2023	2022
Change in non-cash assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	$ (1,767)	$ (7,767)
Project materials, prepaid expenses, inventory and deposits	335	(702)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(1,040)	3,884
Deferred contributions from Ducks Unlimited, Inc.	2,672	3,577
Unearned revenue	(4,888)	(1,328)
Current portion of deferred contributions	(3,155)	4,644
	$ (7,843)	$ 2,308

19. Risk management:

(a) 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, holds investments, issues invoices and purchases inventories denominated in USD. There has been no change to the risk exposure from 2022. DUC uses foreign exchange contracts to help manage its exposure to unfavourable movements in USD. DUC's current policy is to hedge up to 80% of the USD currency exchange exposure of the subsequent year.

19. Risk management (cont'd):

DUC had the following foreign exchange contracts for USD outstanding as at March 31, 2023 with expiries ranging from May 9, 2023 to January 24, 2024:

In thousands of Canadian dollars (CAD)	Notional amount	Contract amount	Unrealized gain
At Maturity Variable Rate contracts to sell USD at 1.2500 to 1.2600 CAD/USD	USD 26,000	$ 34,005	$ (297)

DUC had the following foreign exchange contracts for USD outstanding as at March 31, 2022 with expiries ranging from April 20, 2022 to February 15, 2023:

In thousands of Canadian dollars (CAD)	Notional amount	Contract amount	Unrealized gain
At Maturity Variable Rate contracts to sell USD at 1.2500 to 1.2600 CAD/USD	USD 26,000	$ 33,080	$ 408
Forward contracts to sell USD at 1.2400 to 1.2800 CAD/USD	USD 8,000	$ 10,170	$ 168

(b) 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.

In addition to credit facilities disclosed elsewhere in these financial statements, DUC has a $3,000,000 revolving credit facility with variable interest at 6.70% (2022 – 2.70%), repayable on demand and secured by a general security agreement. In addition, DUC has a $14,000,000 line of credit with a variable interest at 6.20% (2022 – 2.20%), repayable on demand and secured by fixed income investments with a fair value of $14,000,000 (note 5). As at March 31, 2023 and 2022, no amounts were drawn under these facilities.

(c) 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 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.

19. Risk management (cont'd):

(d) Interest rate risk:

DUC is exposed to interest rate risk through its revolving loan facilities with ATB and CIBC as described in note 8. The interest rate exposure with the ATB facility is mitigated by a donation made by ATB to DUC to offset the interest costs incurred on the loan up to $100,000 annually until 2023.

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.

(e) 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.

20. Allocated expenses:

Information technology expenses have been allocated as follows:

For the year ended March 31 (in thousands)

	2023	2022
Conservation program	$ 2,890	$ 3,241
Fundraising	325	291
Administration	397	422
	$ 3,612	$ 3,954

21. Comparative financial information:

Certain comparative financial information has been reclassified to conform to the presentation adopted in the current year.

22. Change in accounting policy:

Effective April 1, 2022, DUC adopted amendments to ASPE 3462 – Employee future benefits.

(a) Defined benefit pension plan:

The amendments to ASPE 3462 require DUC to include a provision for adverse deviation in the measurement of its benefit obligation for its defined benefit pension plan. The cumulative effect of applying this change on April 1, 2022 was an increase to the pension benefit obligation of $9,700,000 and a corresponding reduction to internally restricted net assets.

(b) Other post-employment benefit plans:

The amendments to ASPE 3462 require DUC to measure the defined benefit obligation of its other post-employment benefit plans using an actuarial valuation for accounting purposes. Previously, DUC measured the benefit obligations of the other post-employment benefit plans using an actuarial valuation for funding purposes which was consistent with the valuation method used for its defined benefit pension plan. This accounting policy choice is no longer available. The cumulative effect of applying this change on April 1, 2022 was an increase to the other benefit plans obligation of $2,260,000 and a corresponding reduction to internally restricted net assets.

These changes were applied in accordance with the transitional provisions of ASPE 3462 with the cumulative effect of the amendments being recorded to opening net assets (note 10). The prior periods presented for comparative purposes are not restated.