



Financial Statements of

**ATLANTIC SALMON  
FEDERATION (CANADA)**

Year ended September 30, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Atlantic Salmon Federation (Canada)

We have audited the accompanying financial statements of Atlantic Salmon Federation (Canada), which comprise the statement of financial position as at September 30, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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 Atlantic Salmon Federation (Canada) as at September 30, 2016, 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.

Chartered Professional Accountants

January 10, 2017  
Fredericton, Canada

# ATLANTIC SALMON FEDERATION (CANADA)

## Statement of Financial Position

September 30, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash	\$ 81,240	\$ 205,620
Accounts receivable	137,969	159,480
Unconditional promises to give (note 4)	116,000	198,500
Inventory	50,231	64,652
Prepaid expenses	146,160	118,706
	<u>531,600</u>	<u>746,958</u>
Receivable from Atlantic Salmon Federation (U.S.), Inc. (note 2)	543,826	110,413
Investments (note 3)	1,259,759	1,147,454
Long term unconditional promises to give (note 4)	127,717	228,665
Capital assets (note 5)	419,382	448,538
	<u>\$ 2,882,284</u>	<u>\$ 2,682,028</u>
<b>Liabilities, Deferred Contributions and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 278,349	\$ 110,287
Deferred revenue	91,583	81,817
	<u>369,932</u>	<u>192,104</u>
Deferred contributions (note 6):		
Related to Wild Salmon Nature Centre	348,268	377,678
For expenses of future periods	575,573	660,158
	<u>923,841</u>	<u>1,037,836</u>
Net assets:		
Invested in capital assets (note 7)	71,114	70,860
Externally restricted for endowments (note 8)	1,141,104	1,134,510
Internally restricted (note 9)	373,015	315,641
Unrestricted	3,278	(68,923)
	<u>1,588,511</u>	<u>1,452,088</u>
Comparative figures (note 13)		
	<u>\$ 2,882,284</u>	<u>\$ 2,682,028</u>

See accompanying notes to financial statements.

# ATLANTIC SALMON FEDERATION (CANADA)

## Statement of Operations

Year ended September 30, 2016 with comparative information for 2015

	2016	2015
Revenues:		
Membership	\$ 76,117	\$ 73,821
Contributions	792,789	658,781
Dinners and raffles	1,028,515	988,421
Contributions from ASF (U.S.), Inc. (note 10)	2,246,517	-
Advertising	95,335	103,630
Wild Salmon Nature Centre	30,687	37,808
Interest	30,623	31,207
Realized gain on sale of investments	35,445	34,119
Unrealized gains (losses) on investments	53,428	(59,819)
Amortization of deferred capital contributions related to Wild Salmon Nature Centre	29,410	31,355
Miscellaneous	100,037	39,137
	4,518,903	1,938,460
Expenses:		
Conservation Programs:		
General	308,663	256,153
Advocacy	429,072	77,937
Regional Programs	636,626	200,630
	1,374,361	534,720
Education Programs:		
Publications	289,977	247,410
Public Information	292,749	44,486
Web Site	68,075	8,028
Outreach	31,585	25,000
Wild Salmon Nature Centre	60,097	69,163
	742,483	394,087
Research Programs	759,160	396,326
Administration	313,807	45,266
Facilities	229,213	48,678
Development	576,042	199,210
Dinners and raffles	394,008	393,224
	4,389,074	2,011,511
Excess (deficiency) of revenues over expenses	\$ 129,829	\$ (73,051)

See accompanying notes to financial statements.

## ATLANTIC SALMON FEDERATION (CANADA)

### Statement of Changes in Net Assets

Year ended September 30, 2016

	Invested in capital assets	Externally restricted for endowments	Internally restricted	Unrestricted	Total
<b>September 30, 2016</b>					
Balance, beginning of year	\$ 70,860	\$ 1,134,510	\$ 315,641	\$ (68,923)	\$ 1,452,088
Excess (deficiency) of revenues over expenses	(20,718)	-	-	150,547	129,829
Change in present value discounting	-	5,654	-	-	5,654
Interest allocated to endowments (note 8)	-	940	-	-	940
Net change in investment in capital assets (note 7)	20,972	-	-	(20,972)	-
Transfers (note 9)	-	-	57,374	(57,374)	-
Balance, end of year	<u>\$ 71,114</u>	<u>\$ 1,141,104</u>	<u>\$ 373,015</u>	<u>\$ 3,278</u>	<u>\$ 1,588,511</u>

	Invested in capital assets	Externally restricted for endowments	Internally restricted	Unrestricted	Total
<b>September 30, 2015</b>					
Balance, beginning of year	\$ 33,343	\$ 895,014	\$ 398,236	\$ (40,950)	\$ 1,285,643
Deficiency of revenues over expenses	(17,497)	-	-	(55,554)	(73,051)
Endowment contributions	-	250,000	-	-	250,000
Change in present value discounting	-	(11,239)	-	-	(11,239)
Interest allocated to endowments (note 8)	-	735	-	-	735
Net change in investment in capital assets (note 7)	55,014	-	-	(55,014)	-
Transfers (note 9)	-	-	(82,595)	82,595	-
Balance, end of year	<u>\$ 70,860</u>	<u>\$ 1,134,510</u>	<u>\$ 315,641</u>	<u>\$ (68,923)</u>	<u>\$ 1,452,088</u>

# ATLANTIC SALMON FEDERATION (CANADA)

## Statements of Cash Flows

Year ended September 30, 2016, with comparative information for 2015

	2016	2015
<b>Cash provided by (used in):</b>		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 129,829	\$ (73,051)
Items not involving cash:		
Unrealized loss (gain) on investments	(53,428)	59,819
Amortization of capital assets	50,128	48,852
Amortization of deferred capital contributions related to Wild Salmon Nature Center	(29,410)	(31,355)
Realized gain on sale of investments	(35,445)	(34,119)
Decrease (increase) in accounts receivable	21,511	(75,063)
Increase in receivable from ASF US	(433,413)	(53,881)
Decrease (increase) in inventory	14,421	(7,020)
Increase in prepaid expenses	(27,454)	(43,215)
Decrease (increase) in net unconditional promises to give	183,448	(74,014)
Increase (decrease) in accounts payable and accrued liabilities	168,062	(48,720)
Increase in deferred revenue	9,766	13,468
Increase (decrease) in deferred contributions for expenses of future periods	(84,585)	238,200
	(86,570)	(80,099)
Financing and investing activities:		
Acquisition of investments	(791,068)	(449,421)
Proceeds from sale of investments	767,636	449,100
Capital assets acquired	(20,972)	(55,014)
Endowment contributions and interest	6,594	50,739
	(37,810)	(4,596)
Decrease in cash position	(124,380)	(84,695)
Cash position, beginning of year	205,620	290,315
Cash position, end of year	\$ 81,240	\$ 205,620

See accompanying notes to the financial statements.

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2016

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Atlantic Salmon Federation (Canada) (the Federation) is incorporated under the Quebec Companies Act and its principal activities include the promotion and conservation of the wild Atlantic salmon through education, enhancement, restoration, research and international cooperation. The Federation is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## 1. Significant accounting policies:

### (a) General:

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook.

### (b) Revenue recognition:

The Federation follows the deferral method of accounting for contributions.

Restricted contributions are subject to externally imposed donor stipulations specifying the purpose for which they must be used. Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are a special type of restricted contribution where the externally imposed restriction is that the resources contributed must be maintained permanently. Endowment contributions from external parties are recognized as direct increases in endowment net assets.

All contributions that do not meet the definition of either a restricted or an endowment contribution are unrestricted contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income available for distribution is recorded as unrestricted or as a direct increase in net assets for endowment purposes depending on the terms specified by the donor.

Revenue from memberships, Wild Salmon Nature Center, dinners and raffles, advertising and miscellaneous is recognized when the services are provided or goods are sold and collection is probable.

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

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## 1. Significant accounting policies (continued):

### (c) Unconditional promises to give:

Pledged contributions due in the next year are reflected as current assets and are recorded at their net realizable value. Where there is sufficient certainty of collection, pledged contributions due in subsequent years are reflected as long-term contributions receivable and are recorded at the present value of their net realizable value, discounted using the risk-free interest rates applicable to the years in which the pledges are to be received.

### (d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to assist in fund raising and special projects. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided using the straight-line method and annual rates:

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Wild Salmon Nature Centre	3 1/3%
Office furniture and equipment	20% & 33 1/3%

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### (f) Inventory:

Inventory is recorded at the lower of cost on a first-in first-out basis, and replacement cost.

### (g) 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 recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Federation has elected to carry all other investments at fair value. Settlement date accounting is used.



# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

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## 1. Significant accounting policies (continued):

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, which 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, the Federation 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 the Federation 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 carrying value.

### (h) Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of accounts receivable and unconditional promises to give, and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the report periods. Actual results could differ from those estimates.

### (i) Asset impairment:

When a capital asset no longer has any long-term service potential to the Federation, the excess of its net carrying amount over and residual value is recognized as an expense in the statement of operations.

### (j) Foreign currency translation:

The market values of investments listed in foreign currencies are translated into Canadian dollars at the year-end exchange rate. In calculating unrealized gains or losses on foreign securities, cost values are translated into Canadian dollars at the rate of exchange on the transaction date.

## 2. Receivable from Atlantic Salmon Federation (U.S.), Inc.:

The amount is unsecured and non-interest bearing. There are no specific terms of repayment.

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

### 3. Investments:

September 30, 2016	Fair market value		Cost
Cash and investment certificate	\$	181,499	\$ 181,165
Fixed income		307,135	304,447
Equities		771,125	532,941
	\$	1,259,759	\$ 1,018,553

September 30, 2015	Fair market value		Cost
Cash and investment certificate	\$	100,993	\$ 100,993
Fixed income		203,590	201,902
Equities		842,871	656,781
	\$	1,147,454	\$ 959,676

The fixed income investments have an effective interest rate of 2.40% to 4.77% (2015 - 2.20% to 3.03%) and mature between 2016 and 2019.

### 4. Unconditional promises to give:

	2016		2015	
	Temporarily restricted	Permanently restricted	Temporarily restricted	Permanently restricted
Total unconditional promises to give	\$ 103,500	\$ 148,617	\$ 200,000	\$ 242,000
Receivables in less than one year	66,000	50,000	50,000	148,500
Receivable in one to three years	37,500	98,617	150,000	93,500
Less discounts to net present value	2,811	5,589	3,592	11,243
Net receivable in one to five years	\$ 34,689	\$ 93,028	\$ 146,408	\$ 82,257

## ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued

Year ended September 30, 2016

### 5. Capital assets:

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September 30, 2016	Cost	Accumulated amortization	Net book value
Wild Salmon Nature Centre	\$ 1,097,806	\$ 721,278	\$ 376,528
Office furniture and equipment	327,508	284,654	42,854
	\$ 1,425,314	\$ 1,005,932	\$ 419,382

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September 30, 2015	Cost	Accumulated amortization	Net book value
Wild Salmon Nature Centre	\$ 1,097,805	\$ 691,868	\$ 405,937
Office furniture and equipment	324,342	281,741	42,601
	\$ 1,422,147	\$ 973,609	\$ 448,538

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# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

## 6. Deferred contributions:

(a) For expenses of future periods:

Deferred contributions related to expenses of future periods and for future annual givings represent unspent externally restricted grants and donations for conservation, education and research purposes.

	2016	2015
Balance, beginning of year	\$ 660,158	\$ 421,958
Add: Contributions received related to expenses of future periods	394,247	620,486
	1,054,405	1,042,444
Less: Recognized in revenue in the year	478,832	382,286
Balance, end of year	\$ 575,573	\$ 660,158

	2016	2015
Conservation	\$ 176,559	\$ 239,852
Education	51,875	-
Research	347,139	420,306
	\$ 575,573	\$ 660,158

Deferred contributions related to expenses of future periods were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	2016	2015
Conservation	\$ 86,180	\$ 58,029
Research	392,652	324,257
	\$ 478,832	\$ 382,286

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

## 6. Deferred contributions (continued):

(b) Deferred capital contributions related to Wild Salmon Nature Centre:

During 1996 and 1997 the Federation held a campaign to raise funds for capital and operating costs of a Wild Salmon Nature Centre. Deferred contributions related to the Wild Salmon Nature Centre represent the unamortized amount and unspent amount of contributions received for the capital and operating costs. The amortization of the expended contributions is recorded as revenue in the statement of operations.

	2016		2015	
Balance, beginning of year	\$	377,678	\$	409,033
Less: Amortization for the year		29,410		31,355
Balance, end of year	\$	348,268	\$	377,678

The balance consists of unamortized capital contributions used for construction.

## 7. Invested in capital assets:

(a) Investment in capital assets is calculated as follows:

	2016		2015	
Capital assets	\$	419,382	\$	448,538
Amounts financed by deferred contributions		(348,268)		(377,678)
	\$	71,114	\$	70,860

(b) Change in net assets invested in capital assets is calculated as follows:

	2016		2015	
Deficiency of revenues over expenses:				
Amortization of deferred contributions related to capital assets	\$	29,410	\$	31,355
Amortization of capital assets		(50,128)		(48,852)
	\$	(20,718)	\$	(17,497)

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued

Year ended September 30, 2016

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## 8. Net assets externally restricted for endowments:

All of the net assets externally restricted for endowment purposes are subject to restrictions stipulating that the principal be maintained intact. Two endowment contributions totaling \$81,686 require that a specific percentage of the related investment income be recorded as a direct increase in net assets for endowment purposes. The amount for 2016 is \$940 (2015 - \$735). The balance of the investment income on the remaining endowment assets is unrestricted.

## 9. Net assets internally restricted:

The Board has restricted net assets for future purposes. Transfers to and from the net assets internally restricted for endowments are made at the discretion of the Board.

## 10. Related party transactions:

The program of conservation activities in Canada, complete with budgets that cover all costs to be incurred, including staffing and other direct and indirect components, is developed and approved for implementation by the Board of Directors of the Atlantic Salmon Federation (Canada) ("ASF (Canada)").

ASF (Canada) requests funding from Atlantic Salmon Federation (U.S.), Inc. ("ASF (US)"), a separate but affiliated U.S. charity with a separate board of directors, to support certain conservation programs and activities implemented by ASF (Canada).

ASF (Canada) has entered into a lease agreement with ASF (US) for use of all real estate, improvements and equipment which ASF (US) owns in Canada. Under this lease agreement, ASF (Canada) pays all costs related to occupancy of the real estate and operation of the equipment; and pays ASF (US) an annual rental fee of \$1.

ASF (Canada) has entered into agreements with ASF (US), pursuant to which, the President of ASF (Canada) will provide services as President of ASF (US); and, the employees of ASF (Canada)'s Fundraising and Administration departments will provide fundraising and administration services to ASF (US). Under the terms of these agreements ASF (US) will pay ASF (Canada) amounts as determined during the annual budget process.

During the fiscal year ended September 30, 2016, ASF (US) contributed a total of \$2,246,517 to ASF (Canada) relative to certain conservation programs and other activities, including agreements, as described in the paragraph immediately above.

These related party transactions are recorded at the exchange amount as agreed upon by the two parties.

# ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements, continued  
Year ended September 30, 2016

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## 11. Fair value of financial instruments:

The following methods and assumptions are used in estimating the fair value for financial instruments:

Cash, accounts receivable, current unconditional promises to give and accounts payable and accrued liabilities: the carrying amounts report in the statement of financial position approximate fair values because of the short maturities of these instruments.

Investments: Investments are measured at fair value and are based on quoted market prices.

The fair value of the receivable from Atlantic Salmon Federation (U.S.), Inc. is not determinable due to its special nature.

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk free rate of return over the expected collection period.

## 12. Concentrations of risk:

Credit and interest rate risk:

The Federation is exposed to credit risk on cash balances, investments, accounts receivable and unconditional promises to give. Cash balances are maintained at high quality financial institutions. The collectibility of accounts receivable and unconditional promises is assessed on an individual basis and written off in the statement of operations when deemed irrecoverable. Investments are subject to both credit and interest rate risk which is managed by holding a diverse portfolio.

Foreign exchange:

The Federation is exposed to foreign exchange risk on investments listed in foreign currencies. The Federation manages this exposure by holding a diverse portfolio.

## 13. Comparative figures:

Certain 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

