

Financial Statements of

**ATLANTIC SALMON
FEDERATION (CANADA)**

And Independent Auditors' Report thereon

Year ended September 30, 2020



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Atlantic Salmon Federation (Canada) (the Entity), which comprise:

- the statement of financial position as at September 30, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets available for benefits for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the (financial position of the Entity as at end of September 30, 2020, and its (changes in net assets available for benefits and its (changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

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

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



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 pension plans, 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 the Entity'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 the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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.



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- 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 the Entity'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Fredericton, Canada

March 18, 2021

ATLANTIC SALMON FEDERATION (CANADA)

Statement of Financial Position

September 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 2,644,212	\$ 1,294,279
Currency forward exchange contracts	141,431	-
Accounts receivable	121,108	205,339
Unconditional promises to give (note 4)	199,866	413,606
Inventory	27,711	37,537
Prepaid expenses	60,404	88,484
	<u>3,194,732</u>	<u>2,039,245</u>
Investments (note 3)	1,531,975	1,537,409
Long term unconditional promises to give (note 4)	240,358	412,108
Capital assets (note 5)	384,217	423,323
	<u>\$ 5,351,282</u>	<u>\$ 4,412,085</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 244,316	\$ 306,955
Payable to Atlantic Salmon Federation (U.S.), Inc. (note 2)	648,684	63,255
Deferred revenue	82,940	94,169
	<u>975,940</u>	<u>464,379</u>
Deferred contributions (note 6):		
Related to Wild Salmon Nature Centre	238,277	264,751
For expenses of future periods	2,167,042	2,044,795
	<u>2,405,319</u>	<u>2,309,546</u>
Net assets:		
Invested in capital assets (note 7)	145,940	158,572
Externally restricted for endowments (note 8)	1,200,689	1,200,263
Internally restricted (note 9)	542,424	360,771
Unrestricted	80,970	(81,446)
	<u>1,970,023</u>	<u>1,638,160</u>
Contingency (note 13)		
Impact of COVID-19 (note 14)		
	<u>\$ 5,351,282</u>	<u>\$ 4,412,085</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

ATLANTIC SALMON FEDERATION (CANADA)

Statement of Operations

Year ended September 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Membership	\$ 69,776	\$ 72,105
Contributions	434,451	1,092,983
Dinners and raffles	388,363	997,191
Contributions from ASF (U.S.), Inc. (note 10)	2,097,900	2,452,153
Advertising	77,880	103,850
Wild Salmon Nature Centre	3,462	14,234
Interest	43,973	36,563
Realized gain on sale of investments	154,114	5,507
Unrealized gains (losses) on investments	(157,433)	55,850
Unrealized gains on financial derivative	143,558	12,893
Gains (losses) on foreign exchange	57,696	(76,919)
Amortization of deferred capital contributions related to Wild Salmon Nature Centre	26,474	27,524
Miscellaneous	670,422	79,140
	4,010,636	4,873,074
Expenses:		
Conservation Programs:		
General	18,086	163,228
Advocacy	563,639	652,166
Regional Programs	503,947	716,526
Community outreach and engagement	111,389	124,677
	1,197,061	1,656,597
Education Programs:		
Publications	285,604	311,412
Public Information	212,312	263,953
Web Site	82,135	81,892
Wild Salmon Nature Centre	42,203	67,624
	622,254	724,881
Research Programs	517,688	1,027,707
Administration	397,333	366,476
Facilities	228,730	235,157
Development	531,935	498,827
Dinners and raffles	184,198	391,596
	3,679,199	4,901,241
Excess (deficiency) of revenues over expenses	\$ 331,437	\$ (28,167)

See accompanying notes to financial statements.

ATLANTIC SALMON FEDERATION (CANADA)

Statement of Changes in Net Assets

Year ended September 30, 2020

September 30, 2020	Invested in capital assets	Externally restricted for endowments	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 158,572	\$ 1,200,263	\$ 360,771	\$ (81,446)	\$ 1,638,160
Excess (deficiency) of revenues over expenses (note 7)	(40,611)	-	-	372,048	331,437
Endowment contributions	-	-	-	-	-
Interest allocated to endowments (note 8)	-	426	-	-	426
Net change in investment in capital assets	27,979	-	-	(27,979)	-
Transfers (note 9)	-	-	181,653	(181,653)	-
Balance, end of year	\$ 145,940	\$ 1,200,689	\$ 542,424	\$ 80,970	\$ 1,970,023

September 30, 2019	Invested in capital assets	Externally restricted for endowments	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 157,577	\$ 1,198,297	\$ 403,790	\$ (95,303)	\$ 1,664,361
Excess (deficiency) of revenues over expenses (note 7)	(44,551)	-	-	16,384	(28,167)
Endowment contributions	-	555	-	-	555
Interest allocated to endowments (note 8)	-	1,411	-	-	1,411
Net change in investment in capital assets	45,546	-	-	(45,546)	-
Transfers (note 9)	-	-	(43,019)	43,019	-
Balance, end of year	\$ 158,572	\$ 1,200,263	\$ 360,771	\$ (81,446)	\$ 1,638,160

See accompanying notes to the financial statements.

ATLANTIC SALMON FEDERATION (CANADA)

Statement of Cash Flows

Year ended September 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 331,437	\$ (28,167)
Items not involving cash:		
Unrealized gains on investments	157,433	(55,850)
Amortization of capital assets	67,085	72,075
Amortization of deferred capital contributions related to Wild Salmon Nature Center	(26,474)	(27,524)
Realized gain on sale of investments	(154,114)	(5,507)
Decrease (increase) in accounts receivable	84,231	(68,280)
Increase in payable to ASF US	585,429	178,576
Decrease in inventory	9,826	7,930
Decrease in prepaid expenses	28,080	26,452
Decrease (increase) in net unconditional promises to give	385,490	(518,258)
(Decrease) increase in accounts payable and accrued liabilities	(62,639)	19,667
Increase in deferred revenue	(11,229)	(31,238)
Unrealized gains on financial derivative	(141,431)	(12,893)
Increase in deferred contributions for expenses of future periods	122,247	968,705
	1,375,371	525,688
Financing and investing activities:		
Acquisition of investments	(980,660)	(671,028)
Proceeds from sale of investments	982,775	646,271
Capital assets acquired	(27,979)	(45,546)
Endowment contributions and interest	426	1,966
	(25,438)	(68,337)
Increase in cash position	1,349,933	457,351
Cash position, beginning of year	1,294,279	836,928
Cash position, end of year	\$ 2,644,212	\$ 1,294,279

See accompanying notes to the financial statements.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

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 restricted 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 are recognized when the services are provided or goods are sold and collection is probable.

(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.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

1. Significant accounting policies (continued):

(d) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year to assist in fundraising 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 as per the following:

Wild Salmon Nature Centre	30 years
Vehicles	7 years
Web site	5 years
Office furniture and equipment	3 and 5 years

(f) Inventory:

Inventory is recorded at the lower of cost and replacement cost. Cost is based on the average purchase price. It is management's assessment that inventory is properly valued at year end and no further adjustments are required.

(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.

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. There has been no impairment charges during the year recorded by the Federation.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of the financial statements in conformity with the CPA Handbook for not-for-profit organizations 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. There has been no impairment charges during the year recorded by the Federation.

(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/ payable to Atlantic Salmon Federation (U.S.), Inc.:

The amount is unsecured, interest-bearing with interest waived and has no set terms of repayment.

3. Investments:

September 30, 2020	Fair market value	Cost
Cash and investment certificate	\$ 52,361	\$ 52,361
Fixed income	462,381	449,000
Equities	1,017,233	829,699
	\$ 1,531,975	\$ 1,331,060

September 30, 2019	Fair market value	Cost
Cash and investment certificate	\$ 107,301	\$ 107,301
Fixed income	431,778	424,600
Equities	998,330	649,520
	\$ 1,537,409	\$ 1,181,421

The fixed income investments have an effective interest rate of 1.25% to 3.15% (2019 - 1.50% to 3.15%) and mature between 2020 and 2024.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

4. Unconditional promises to give:

	2020		2019	
	Temporarily restricted	Permanently restricted	Temporarily restricted	Permanently restricted
Total unconditional promises to give	\$ 444,924	\$ 4,250	\$ 851,964	\$ 4,250
Receivables in less than one year	195,616	4,250	409,356	4,250
Receivable in one to three years	249,308	-	442,608	-
Less discounts to net present value	8,950	-	30,500	-
Net receivable in one to three years	\$ 240,358	\$ -	\$ 412,108	\$ -

5. Capital assets:

September 30, 2020	Cost	Accumulated amortization	Net book value
Wild Salmon Nature Centre	\$ 1,069,546	\$ 831,269	\$ 238,277
Vehicles	84,596	32,644	51,952
Web Site	52,116	23,875	28,241
Office furniture and equipment	445,233	379,486	65,747
	\$ 1,651,491	\$ 1,267,274	\$ 384,217

September 30, 2019	Cost	Accumulated amortization	Net book value
Wild Salmon Nature Centre	\$ 1,069,546	\$ 804,795	\$ 264,751
Vehicles	71,950	20,558	51,392
Web Site	52,116	14,462	37,654
Office furniture and equipment	429,899	360,373	69,526
	\$ 1,623,511	\$ 1,200,188	\$ 423,323

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

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.

	2020	2019
Balance, beginning of year	\$ 2,044,795	\$ 1,076,090
Add: Contributions received related to expenses of future periods	180,247	1,646,565
	2,225,042	2,722,655
Less: Recognized in revenue in the year	58,000	677,860
Balance, end of year	\$ 2,167,042	\$ 2,044,795

	2020	2019
Conservation	\$ 1,556,705	\$ 1,508,044
Education	2,600	2,600
Research	607,737	534,151
	\$ 2,167,042	\$ 2,044,795

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:

	2020	2019
Conservation	\$ 58,000	\$ 137,416
Education	-	91,626
Research	-	448,818
	\$ 58,000	\$ 677,860

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

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.

	2020	2019
Balance, beginning of year	\$ 264,751	\$ 292,275
Less: Amortization for the year	26,474	27,524
Balance, end of year	\$ 238,277	\$ 264,751

7. Invested in capital assets:

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

	2020	2019
Capital assets	\$ 384,217	\$ 423,323
Amounts financed by deferred contributions	(238,277)	(264,751)
	\$ 145,940	\$ 158,572

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

	2020	2019
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 26,474	\$ 27,524
Amortization of capital assets	(67,085)	(72,075)
	\$ (40,611)	\$ (44,551)

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 \$86,064 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 2020 is \$426 (2019 - \$1,411). The balance of the investment income on the remaining endowment assets is unrestricted and included as investment income on the statement of operations.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

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 by management 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, 2020, ASF (US) contributed a total of \$2,097,900 (2019 - \$2,452,153) 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.

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 and/or payable 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.

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

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. The Federation has implemented a foreign exchange hedging program starting in the 2018-19 year in order to minimize risk related to foreign currency exchange transactions.

13. Contingency:

During the 2016-17 year the Federation commenced a legal case against the Newfoundland Government related to the approval of an aquaculture project and challenging such approval. The Federation was victorious during the initial court case as well as a subsequent appeal, to which the court has awarded certain cost reimbursements to the Federation. As these costs have not yet been determined there has been no disclosure in these financial statements and will be recorded when they have been received with full disclosure on the amounts. The Federation has incurred \$0 (2019 - \$11,930) in costs related to the lawsuit that are included under Conservation.

14. Impact of Coronavirus COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the Federation implemented the following actions in relation to the COVID-19 pandemic:

- In March, offices were closed and staff began working from home; and
- In accordance with public health guidance, a COVID-19 operations plan was developed to guide staff on protocols and conditions for operating. This plan has been updated as public health guidance has changed and continues to guide organizational operations; and
- In June offices were re-opened under the guidance and protocols of its COVID-19 operations plan; and
- Fundraising events traditionally held in person have been replaced by online events and auctions for the foreseeable future; and

ATLANTIC SALMON FEDERATION (CANADA)

Notes to Financial Statements

Year ended September 30, 2020

14. Impact of Coronavirus COVID-19 Pandemic (continued):

- Field operations have been limited by public health guidelines resulting in some planned field work being cancelled or postponed; and
- Applied for COVID-19 relief funding as provided by government; and
- Management has made a number of decisions designed to manage spending where possible.

As a result of these actions, the Federation experienced decreases in operating revenues and costs.

a) *Current year transactions:*

The impacts of COVID-19, and the above measures in response, have meant decreased fundraising revenues as compared to previous years. Costs have decreased in a number of areas due to limitations on travel and physical distancing requirements. Funds received from government relief programs have assisted in offsetting revenue shortfalls from fundraising.

b) *Subsequent events related to COVID-19:*

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Federation's operations and financial position is not known. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the Federation is not practicable at this time.

c) *Impact of COVID-19 on financial risks:*

The COVID-19 pandemic has impacted the financial risks of the Federation as follows:

i) Credit risk:

Credit risk has increased due to the greater uncertainty surrounding the collectability of accounts receivable from non-Canadian government entities, including individuals, businesses and foreign entities because of the economic slowdown and changes in operations caused by COVID-19. The Federation is mitigating this risk by closely monitoring these receivables and by entering transactions with credit-worthy counterparties. The Federation has updated its allowance for doubtful accounts to include considerations related to COVID-19.

ii) Liquidity risk:

The ability of the Federation to meet their cash flow requirements in the short term has been impacted by the loss of fundraising revenue.

iii) Market risk:

Market risk has increased due to significant volatility in financial markets as discussed below:

a) Currency risk:

The Federation's investments in foreign currency instruments have heightened risk due to significant fluctuations in currency markets and the uncertainty in market valuations for currencies due to the pandemic.

b) Other-price risk:

Other price risk has increased due to greater uncertainty in the valuation of financial assets arising from volatility in the markets.

The Federation is continually monitoring the impact of market volatility on its financial instruments and will make adjustments to investment strategies as required to reduce the risk on the Federation's operations and financial position.