

Financial Statements
(Expressed in Canadian dollars)

**YUKON RIVER SALMON RESTORATION AND
ENHANCEMENT FUND**

(Administered by Pacific Salmon Commission)

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of the Yukon River Panel

Opinion

We have audited the financial statements of Yukon River Salmon Restoration and Enhancement Fund (Administered by Pacific Salmon Commission) (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and fund balance 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 as at and for the year ended March 31, 2019, of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Appendix A of the Collaborative Agreement between the Yukon River Salmon Restoration and Enhancement Fund and the Pacific Salmon Commission effective from April 1, 2011.

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.



Emphasis of Matter – Basis of Accounting

We draw attention to Note 2(a) in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation the financial statements in accordance with the financial reporting provisions of Appendix A of the Collaborative Agreement between the Yukon River Salmon Restoration and Enhancement Fund and the Pacific Salmon Commission effective from April 1, 2011; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances, 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.

- 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.
- 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, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
October 9, 2019

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Statement of Financial Position
(Expressed in Canadian dollars)

March 31, 2019, with comparative information for 2018

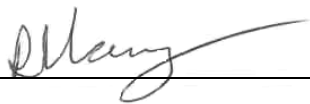
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,112,241	\$ 930,310
Prepaid expenses	1,397	2,939
Due from Pacific Salmon Commission (note 4)	-	2,606
	<u>\$ 2,113,638</u>	<u>\$ 935,855</u>

Liabilities and Fund Balance

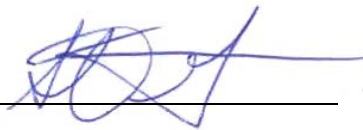
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,881	\$ 161,045
Due to Pacific Salmon Commission (note 4)	1,414	-
Deferred revenue (note 5)	1,601,495	-
	<u>1,607,790</u>	<u>161,045</u>
Fund balance	505,848	774,810
Contractual obligations (note 3)		
	<u>\$ 2,113,638</u>	<u>\$ 935,855</u>

See accompanying notes to financial statements.

Approved on behalf of the Yukon River Panel:



Co-Chair



Co-Chair

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Statement of Operations and Fund Balance
(Expressed in Canadian dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Contributions from contracting party (note 5)	\$ 1,596,169	\$ 1,591,029
Interest income	13,097	9,702
	1,609,266	1,600,731
Expenses:		
Administrative services (note 4)	89,146	89,146
Travel and accommodation	13,369	12,582
Rents and communications	4,767	3,435
Contract services	16,145	14,007
Project grants	1,745,111	1,676,083
Materials and supplies	1,605	769
	1,870,143	1,796,022
Deficiency of revenue over expenses before undernoted	(260,877)	(195,291)
Foreign exchange loss	(8,085)	(68,496)
Deficiency of revenue over expenses	(268,962)	(263,787)
Fund balance, beginning of year	774,810	1,038,597
Fund balance, end of year	\$ 505,848	\$ 774,810

See accompanying notes to financial statements.

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (268,962)	\$ (263,787)
Changes in non-cash operating working capital:		
Accounts receivable	-	33,845
Prepaid expenses	1,542	(2,939)
Due to/from Pacific Salmon Commission	4,020	(10,042)
Accounts payable and accrued liabilities	(156,164)	150,510
Deferred revenue	1,601,495	-
Increase (decrease) in cash and cash equivalents	1,181,931	(92,413)
Cash and cash equivalents, beginning of year	930,310	1,022,723
Cash and cash equivalents, end of year	\$ 2,112,241	\$ 930,310

See accompanying notes to financial statements.

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Notes to Financial Statements
(Expressed in Canadian dollars)

Year ended March 31, 2019

1. Nature of organization:

The Yukon River Salmon Restoration and Enhancement Fund (the "Fund") was established by the Yukon River Salmon Agreement of 2001 by the Government of the United States of America and the Government of Canada (the "Contracting Parties") to support efforts to increase understanding of the factors that affect Yukon River salmon health and abundance.

The Fund is governed by the Yukon River Panel (the "Panel") made up equally of six representatives from each of the Contracting Parties.

2. Significant accounting policies:

(a) Basis of presentation and accounting:

These financial statements have been prepared in accordance with the financial reporting provisions of Appendix A of the Collaborative Agreement between the Yukon River Salmon Restoration and Enhancement Fund and the Pacific Salmon Commission effective from April 1, 2011. The financial reporting provisions of the Collaborative Agreement between the Yukon River Salmon Restoration and Enhancement Fund and the Pacific Salmon Commission effective from April 1, 2011 require the financial statements to be prepared in a manner consistent with generally accepted accounting principles ("GAAP") except that the statements only report the operating assets and liabilities of the Fund from April 1, 2011 in accordance to the timeframe when the fund has been administered by the Commission as determined in the Collaborative Agreement between the Fund and the Commission effective from April 1, 2011 through March 31, 2014, and subsequently extended to March 31, 2019.

GAAP has been interpreted to mean Canadian Accounting Standards for Not-for-Profit Organizations in Part III of the CPA Canada Handbook ("Not-for-Profit Standards").

(b) 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 Fund has not elected to carry any such financial instruments at fair value.

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.

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Notes to Financial Statements (continued)
(Expressed in Canadian dollars)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

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 Fund 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 Fund 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.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash and highly liquid investments with a term to maturity of three months or less at the date of purchase.

(d) Revenue recognition:

The Fund follows the deferral method of accounting for contributions. Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funding received for specific purposes is deferred and recognized in the period in which the related expenses are incurred.

(e) Income taxes:

The Fund is exempt from income taxes under the Foreign Missions and International Organizations Act (1991).

(f) Foreign exchange translation:

Transactions originating in foreign currencies are translated at the exchange rate in effect at the transaction dates. Assets and liabilities denominated in foreign currency at the year-end date are translated to equivalent Canadian amounts at the exchange rate in effect at the year-end date. Foreign exchange gains and losses resulting from translation are included in the determination of excess or deficiency of revenue over expenses.

(g) Use of estimates:

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Notes to Financial Statements (continued)

(Expressed in Canadian dollars)

Year ended March 31, 2019

2. Significant accounting policies (continued):

(h) Contractual obligations:

Contractual obligations are funded in installments and payments are due based on conditions included in the contract being satisfied. Expenses and liabilities are recognized in the financial statements as these conditions are met.

3. Contractual obligations:

The Fund has entered into a number of project grant contracts as at March 31, 2019 for the future funding of research projects to be completed subsequent to the year-end.

These contractual obligations are funded in installments and payments are due based on conditions included in the contract being satisfied. As such, no liability has been accrued in the financial statements as the Fund is not liable for these expenses until these conditions have been met.

The research project contractual obligation is \$645,861 as at March 31, 2019 (2018 - \$615,264).

4. Due to/from Pacific Salmon Commission and administrative services:

The Commission charges fees for administrative services to the Fund representing an allocation of Commission salaries and benefits expenses incurred on behalf of the Fund.

During the year, the Fund paid \$89,146 (2018 - \$89,146) to the Commission for administrative services. As at March 31, 2019, the Fund had a payable to the Commission of \$1,414 (2018 - \$2,606 receivable).

5. Related party:

The Fund is related to the Contracting Party due to the Contracting Party's ability to appoint representatives to the Panel. During the year, the Fund recognized operating contributions from the Government of the United States of America totaling \$1,596,169 (2018 - \$1,591,029) and \$1,601,495 related to the fiscal year ending March 31, 2020 which has been recorded as deferred revenue.

6. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash and cash equivalents and accounts receivable, the Fund's credit risk is limited to the carrying value on the statement of financial position. Management does not believe that the Fund is subject to any significant concentration of credit risk.

YUKON RIVER SALMON RESTORATION AND ENHANCEMENT FUND

(Administered by Pacific Salmon Commission)

Notes to Financial Statements (continued)
(Expressed in Canadian dollars)

Year ended March 31, 2019

6. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that an entity will not be able to meet its obligations associated with financial liabilities.

The Fund manages liquidity risk by maintaining adequate cash balances. The Fund monitors the cash flows to ensure that the fund balances are maintained at a sufficient level in line with the operational requirements.

(c) Currency risk:

The Fund has some exposure to foreign exchange risk through fluctuation of the US dollar. The Fund receives contributions from the Government of the United States of America.

There have been no changes to the risk exposures from the prior year.

7. Economic dependence:

The Fund is dependent on the annual operating contribution provided by the Government of the United States of America.

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