

Thunder Bay Field Naturalists Club
Financial Statements
For the year ended December 31, 2016
(Unaudited)

Contents

Review Engagement Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Schedule	11



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Review Engagement Report

**To the Members
Thunder Bay Field Naturalists Club**

We have reviewed the statement of financial position of Thunder Bay Field Naturalists Club as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 3, 2017

Thunder Bay Field Naturalists Club **Statement of Financial Position** **(Unaudited)**

December 31 2016 2015

Assets

Current

Cash	\$ 48,909	\$ 88,973
Marketable securities (Note 2)	273,842	284,281
Government remittances receivable	2,224	2,285
Inventory	2,152	2,169
Prepays	-	5,000

	327,127	382,708
Land endowment investments (Note 2)	387,324	268,769

\$ 714,451 \$ 651,477

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ -	\$ 77
Deferred revenue (Note 3)	199,822	278,993
	199,822	279,070

Net assets

Endowments (Note 2)	387,324	268,769
Accumulated operating surplus	127,305	103,638
	514,629	372,407

\$ 714,451 \$ 651,477

On behalf of the Board:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Thunder Bay Field Naturalists Club

Statement of Operations

(Unaudited)

For the year ended December 31	2016	2015
Revenue		
Events and merchandise	\$ 2,496	\$ 27
Memberships	6,977	5,431
General donations	3,889	4,626
Echo Foundation grant	25,000	-
Nature Reserve donations	194,151	11,751
Nature Conservancy of Canada funding	142,160	4,000
Provincial funding	4,278	2,984
Other grants and stewardship funding	11,653	5,140
Investment income	26,425	10,923
Other	1,605	3,039
	<u>418,634</u>	<u>47,921</u>
Cost of sales	(2,190)	(3,069)
	<u>416,444</u>	<u>44,852</u>
Expenses		
Charitable activities (Schedule)	377,065	18,973
Distributions to other organizations (Schedule)	540	865
General and administrative (Schedule)	8,448	11,578
	<u>386,053</u>	<u>31,416</u>
Excess of revenue over expenses for the year before the undernoted	\$ 30,391	\$ 13,436
Loss on disposal of investments	(3,982)	-
	<u>26,409</u>	<u>13,436</u>
Excess of revenue over expenses for the year	\$ 26,409	\$ 13,436

The accompanying notes are an integral part of these financial statements.

Thunder Bay Field Naturalists Club
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31			2016	2015
	Operating Surplus	Endowments	Total	Total
Net assets, beginning of year	\$ 103,638	\$ 268,769	\$ 372,407	\$ 366,959
Excess of revenue over expenses for the year	11,260	15,149	26,409	13,436
Endowment contributions	-	53,250	53,250	-
Endowment fair value increase (decrease) in investments	-	62,563	62,563	(7,988)
Interfund transfers	12,407	(12,407)	-	-
Net assets, end of year	\$ 127,305	\$ 387,324	\$ 514,629	\$ 372,407

The accompanying notes are an integral part of these financial statements.

Thunder Bay Field Naturalists Club

Statement of Cash Flows

(Unaudited)

For the year ended December 31	2016	2015
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 26,409	\$ 13,436
Items not involving cash:		
Unrealized gain on marketable securities	(9,110)	-
Loss on disposal of marketable securities	3,982	-
	<u>21,281</u>	<u>13,436</u>
 Changes in non-cash working capital balances		
Government remittances receivable	61	40,214
Inventory	17	562
Prepays	5,000	(5,000)
Accounts payable and accrued liabilities	(77)	77
Deferred revenue	(79,171)	137,948
	<u>(74,170)</u>	<u>173,801</u>
	<u>(52,889)</u>	<u>187,237</u>
 Cash flows from investing activities		
Decrease in property held for sale	-	111,000
Purchase of endowment fund investments	(55,992)	-
Purchase of marketable securities	(247,892)	(284,281)
Proceeds on disposal of marketable securities	263,459	-
	<u>(40,425)</u>	<u>(173,281)</u>
 Cash flows from financing activities		
Endowment contributions	53,250	-
	<u>(40,064)</u>	<u>13,956</u>
Increase (decrease) in cash during the year	<u>88,973</u>	<u>75,017</u>
Cash, beginning of year		
	<u>\$ 48,909</u>	<u>\$ 88,973</u>
Cash, end of year		

The accompanying notes are an integral part of these financial statements.

Thunder Bay Field Naturalists Club

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Nature and Purpose of Organization

The Thunder Bay Field Naturalists Club (the "Club") was incorporated under the laws of the Province of Ontario in 1978 without share capital. The Organization is a registered charity dedicated to the study of nature and all aspects of the environment, and in this pursuit to printing, publishing, selling and distributing literature and to accepting donations, gifts, legacies and bequests. The corporation is exempt from income tax under section 149 (1) (l) of the Income Tax Act.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All investments have been designated to be in the fair value category, with gains and losses reported in operations, other than financial instruments related to endowment funds. Changes in fair value of financial instruments related to the endowment fund are recorded directly in net assets. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

Capital Assets

Capital assets purchased are charged to operations in the year the expenditures are incurred.

Thunder Bay Field Naturalists Club

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Revenue Recognition

The Thunder Bay Field Naturalists Club follows the deferral method of accounting for government grants and program contributions. Membership fees and other revenue such as events are recognized as income to the extent that the related goods or services are provided within the fiscal year of the Thunder Bay Field Naturalists Club.

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions that must be maintained as an endowment are credited to net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Restricted investment income that must be maintained as an endowment is credited to net assets. Unrestricted investment income is recognized as revenue when earned.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimate used in the preparation of these financial statements is the accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed Materials Services

Contributed materials and services, which are used in the normal course of operations and would otherwise been purchased, are recorded at their fair market value at the date of contribution if fair value can be reasonably estimated.

Thunder Bay Field Naturalists Club Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Conservation Lands

Certain land owned by the Organization is classified as part of a cultural and natural heritage collection held in organization for which a fair market value cannot be reasonably assigned. As such, these properties are exempt from being included.

2. Marketable Securities

	2016	2015
General:		
Savings accounts (cost \$35,553 (2015 - \$235,888))	\$ 35,553	\$ 235,888
Equities (cost \$229,177 (2015 - \$48,393))	238,289	48,393
	<u>\$ 273,842</u>	<u>\$ 284,281</u>
Land Endowment:		
Savings accounts (cost \$20,893 (2015 - \$12,003))	\$ 20,983	\$ 12,003
Equities (cost \$216,871 (2015 - \$172,456))	366,341	256,766
	<u>\$ 387,324</u>	<u>\$ 268,769</u>

Thunder Bay Field Naturalists Club receives certain contributions that must be maintained in perpetuity. These contributions, along with any related unexpended investment income is maintained in an endowment fund.

3. Deferred Revenue

	2016	2015
Memberships TBFN	\$ 950	\$ 1,150
Memberships TCBO	70	70
Nature Reserves	198,802	277,773
	<u>\$ 199,822</u>	<u>\$ 278,993</u>

Thunder Bay Field Naturalists Club

Notes to Financial Statements

December 31, 2016

4. Conservation lands

Conservation lands, either purchased or donated, are assets held as part of the Club's collection. The land collection consists of approximately owns 4400 acres at 15 conservation land locations held for the study and preservation of nature.

During the year, conservation lands were purchased for \$355,000. Of this amount, \$142,160 was funded by the Nature Conservancy of Canada ("NCC") and \$25,000 from the Echo Foundation. As part of the funding agreement, the Club is required to hold the land for the purposes of perpetual conservation unless permission is granted in writing by the NCC to transfer the property.

5. Financial Instruments

Unless otherwise noted, it is management's opinion that the Thunder Bay Field Naturalists Club is not exposed to significant currency or interest rate risk arising from financial instruments.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Club is exposed to market risk to the extent that it holds securities in an active market. The Club held \$604,630 in equity investments at December 31, 2016.

Credit Risk

Credit risk is the risk of financial loss to the Club if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Associations's receivables. The Club does not believe it is subject to any significant concentrations of credit risk related to accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Club encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Club will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable. Management believes they are not exposed to significant liquidity risk.

Thunder Bay Field Naturalists Club Schedule

For the year ended December 31	2016	2015
Charitable activities		
Bird banding	\$ 1,678	\$ 2,298
Cabin	3,568	2,094
Conferences and workshops	3,687	1,951
Harvais orchid reserve	969	5,087
Insurance	1,375	1,267
Land acquisition	360,407	11
Land appraisals	-	4,941
Land stewardship	348	58
Miscellaneous	226	-
Professional fees	4,177	-
Property and mining taxes	630	1,266
	<u>\$ 377,065</u>	<u>\$ 18,973</u>
Distributions to other organizations		
Lakehead University scholarship	\$ -	\$ 350
NWO Regional Science Fair Award	375	350
Ontario Nature	165	165
	<u>\$ 540</u>	<u>\$ 865</u>
General and administrative		
Advertising and promotion	\$ 300	\$ 104
Bank charges	117	144
Dues, fees and memberships	469	460
Equipment	962	1,070
Fundraising and volunteer appreciation	130	2,886
Hall rental	453	450
Insurance	1,539	1,539
Newsletters	706	916
Office and postage	1,043	1,271
Professional fees	2,599	2,599
Travel (recovery)	-	(235)
Website	130	374
	<u>\$ 8,448</u>	<u>\$ 11,578</u>