

Thunder Bay Field Naturalists Club
Financial Statements
For the year ended December 31, 2013

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Independent Auditor's Report

To the Members Thunder Bay Field Naturalists Club

We have audited the accompanying financial statements of Thunder Bay Field Naturalists Club which comprise the statements of financial position as at December 31, 2013, December 31, 2012 and January 1, 2012 and the statements of operations and surplus, changes in net assets and cash flows for the years ended December 31, 2013 and December 31, 2012 and 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.

Auditor's 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 the auditors' 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, the auditor considers 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 corporation'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 presentation of the financial statements.

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

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

In common with many not-for-profit organizations, Thunder Bay Field Naturalists Club derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Thunder Bay Field Naturalists Club. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2013 and assets and net assets as at December 31, 2013. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Thunder Bay Field Naturalists Club as at December 31, 2013, December 31, 2012 and January 1, 2012 and the results of its operations and its cash flows for the years ended December 31, 2013 and December 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Thunder Bay, Ontario
October 3, 2014

Thunder Bay Field Naturalists Club Statement of Financial Position

	December 31 2013	December 31 2012	January 1 2012
Assets			
Current			
Cash	\$ 263,636	\$ 76,280	\$ 80,107
Accounts receivable (Note 3)	1,656	456	1,710
Inventory	1,948	2,429	2,792
Prepaid expenses	225	420	2,396
	267,465	79,585	87,005
Land Endowment Investments (Note 5)	240,604	200,598	146,018
	\$ 508,069	\$ 280,183	\$ 233,023
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 85	\$ 1,906	\$ -
Deferred revenue (Note 4)	225,469	41,127	54,003
	225,554	43,033	54,003
Net assets			
Endowments (Note 5)	240,604	200,598	146,018
Accumulated operating surplus	41,911	36,552	33,002
	282,515	237,150	179,020
	\$ 508,069	\$ 280,183	\$ 233,023

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 and Surplus

For the year ended December 31	2013	2012
Revenue		
Events and merchandise	\$ 4,095	\$ 1,215
Memberships	6,335	5,451
General donations	2,368	3,905
Nature Reserve donations	71,754	175,948
Nature Conservancy of Canada funding	6,467	128,077
Provincial funding	7,305	10,113
Municipal funding	6,500	2,216
Other grants and stewardship funding	5,164	3,553
Investment income	9,874	5,782
Other	4,459	334
	<u>124,321</u>	<u>336,594</u>
Cost of sales	<u>(2,764)</u>	<u>(371)</u>
	<u>121,557</u>	<u>336,223</u>
Expenses		
Charitable activities (Schedule 1)	105,472	287,120
Distributions to other organizations (Schedule 1)	2,650	450
General and administrative (Schedule 1)	8,076	4,798
	<u>116,198</u>	<u>292,368</u>
Excess of revenue over expenses for the year	<u>\$ 5,359</u>	<u>\$ 43,855</u>

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

Thunder Bay Field Naturalists Club Statement of Changes in Net Assets

For the year ended December 31			2013	2012
	Operating Surplus	Endowments	Total	Total
Net assets, beginning of year	\$ 36,552	\$ 200,598	\$ 237,150	\$ 179,020
Excess of revenue over expenses for the year	5,359	-	5,359	43,855
Endowment contributions	-	1,000	1,000	-
Endowment investment income	-	39,006	39,006	14,275
Net assets, end of year	\$ 41,911	\$ 240,604	\$ 282,515	\$ 237,150

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

Thunder Bay Field Naturalists Club Statement of Cash Flows

For the year ended December 31	2013	2012
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 5,359	\$ 43,855
Direct increase in net assets	<u>40,006</u>	<u>14,275</u>
	45,365	58,130
Changes in non-cash working capital balances		
Accounts receivable	(1,200)	1,254
Inventory	481	363
Prepays	195	1,976
Accounts payable	(1,821)	1,906
Deferred revenue	<u>184,342</u>	<u>(12,876)</u>
	<u>227,362</u>	<u>50,753</u>
Cash flows from investing activities		
Increase in TBFN Land Endowment Trust	<u>(40,006)</u>	<u>(54,580)</u>
Increase (decrease) in cash during the year	187,356	(3,827)
Cash, beginning of year	<u>76,280</u>	<u>80,107</u>
Cash, end of year	<u>\$ 263,636</u>	<u>\$ 76,280</u>

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

Thunder Bay Field Naturalists Club Notes to Financial Statements

December 31, 2013

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 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. 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.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand and bank balances with a maturity of three months or less.
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, 2013

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, 2013

2. First Time Adoption

Effective January 1, 2012, the Thunder Bay Field Naturalists Club adopted the requirements of the new accounting framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting. These are the Organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended December 31, 2013, the comparative information presented in these financial statements for the year ended December 31, 2012 and in the preparation of an opening ASNPO balance sheet at the date of transition of January 1, 2012.

The Organization has not previously issued audited financial statements for the year ended December 31, 2012. Accordingly, the adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, surplus, excess of revenue over expenses and cash flows of the Thunder Bay Field Naturalists Club.

3. Accounts Receivable

	2013	2012
General	\$ -	\$ 115
Government remittances receivable	1,656	341
	\$ 1,656	\$ 456

4. Deferred Revenue

	2013	2012
2013 Memberships TBFN	\$ -	\$ 1,316
2013 Memberships TCBO	-	140
2014 Memberships TBFN	860	-
2014 Memberships TCBO	70	10
2015 Memberships TBFN	30	-
2015 Memberships TCBO	10	10
Nature Reserves	223,857	39,097
Other	642	554
	\$ 225,469	\$ 41,127

Thunder Bay Field Naturalists Club Notes to Financial Statements

December 31, 2013

5. Endowments

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. At December 31, 2013, the endowment fund consisted of \$239,604 in long term investments and \$1,000 in cash.

6. 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 Organization is exposed to market risk to the extent that it holds securities in an active market. The Organization held \$233,051 in equity investments at December 31, 2013.

Credit Risk

Credit risk is the risk of financial loss to the Organization if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's receivables. The Organization 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 Association encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Organization 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 1

For the year ended December 31	2013	2012
Charitable activities		
Bird banding	\$ 1,062	\$ 8,576
Cabin	2,634	1,186
Harvais orchid reserve	900	805
Insurance	780	751
Junior naturalists	-	900
Land acquisition	80,000	265,000
Land appraisals	6,212	-
Land stewardship	5,474	3,723
Miscellaneous	-	995
Other land expenses	1,938	4,263
Professional fees	624	-
Project peregrine	5,378	588
Property and mining taxes	470	333
	<u>\$ 105,472</u>	<u>\$ 287,120</u>
Distributions to other organizations		
Bird Studies Canada	\$ 2,000	\$ -
Caring Hands Society Canada	200	-
Lakehead University scholarship	350	350
NWO Regional Science Fair Award	100	100
	<u>\$ 2,650</u>	<u>\$ 450</u>
General and administrative		
Advertising and promotion	\$ -	\$ 104
Bank charges	120	136
Dues, fees and memberships	701	720
Fundraising and volunteer appreciation	227	69
Hall rental	363	184
Insurance	1,400	1,374
Newsletters	691	880
Office and postage	633	334
Professional fees	2,009	-
Travel	1,932	997
	<u>\$ 8,076</u>	<u>\$ 4,798</u>