

Thunder Bay Field Naturalists Club
Financial Statements
For the year ended December 31, 2017
(Unaudited)

Contents

Independent Practitioner's Review Engagement Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule	12



Tel: 807-625-4444
Fax: 807-623-8460
www.bdo.ca

BDO Canada LLP
1095 Barton Street
Thunder Bay ON P7B 5N3 Canada

2

Independent Practitioner's Review Engagement Report

To the Members of Thunder Bay Field Naturalist Club

We have reviewed the accompanying financial statements of Thunder Bay Field Naturalist Club that comprise the balance sheet as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Thunder Bay Field Naturalist Club derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Thunder Bay Field Naturalist Club. Therefore we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flow from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31, 2017 for both the 2017 and 2016 years.

Independent Practitioner's Review Engagement Report (cont'd)

Qualified Conclusion

Based on our review, except for the possible effects to the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Thunder Bay Field Naturalists Club as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 18, 2018

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

December 31 2017 2016

Assets**Current**

Cash	\$ 126,500	\$ 48,909
Cash held in trust	3,239	-
Marketable securities (Note 2)	258,249	273,842
Government remittances receivable	3,684	2,224
Inventory	1,576	2,152
Prepays	1,000	-

Land endowment investments (Note 2)

394,248	327,127
510,904	387,324

\$ 905,152	\$ 714,451
------------	------------

Liabilities and Net Assets**Current**

Deferred revenue (Note 3)	\$ 199,359	\$ 199,822
---------------------------	------------	------------

Net assets


Accumulated operating surplus		
Unrestricted	94,889	127,305
Internally restricted (Note 4)	100,000	-
Endowments (Note 2)	510,904	387,324

705,793	514,629
---------	---------

\$ 905,152	\$ 714,451
------------	------------

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	2017	2016
Revenue		
Federal grants		
Nature Conservancy of Canada	\$ 206,800	\$ 142,160
Provincial grants		
Ontario Land Trust Alliance Inc.	25,139	8,650
Other	13,677	4,278
Other grants and stewardship funding		
McClellan Foundation grant	15,000	-
Echo Foundation grant	25,000	25,000
Other	2,846	3,003
Events and merchandise	1,665	2,496
Memberships	6,751	6,977
General donations	4,484	3,889
Nature Reserve donations	355,675	194,151
Investment income	21,998	17,315
Unrealized investment gains	4,219	9,110
Other	1,576	1,605
	684,830	418,634
Cost of sales	(7,626)	(2,190)
	677,204	416,444
Expenses		
Charitable activities (Schedule)	602,179	377,065
Distributions to other organizations (Schedule)	890	540
General and administrative (Schedule)	9,834	8,448
	612,903	386,053
Excess of revenue over expenses for the year before the undernoted	64,301	30,391
Gain (loss) on disposal of investments	3,348	(3,982)
Excess of revenue over expenses for the year	\$ 67,649	\$ 26,409

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

2017 2016

	<u>Operating</u>			Total	Total
	Unrestricted	Internally Restricted	Endowments		
Net assets, beginning of year	\$ 127,305	\$ -	\$ 387,324	\$ 387,324	\$ 372,407
Excess of revenue over expenses for the year	67,649	-	-	-	26,409
Endowment contributions	-	-	75,000	75,000	53,250
Endowment fair value increase in investments	-	-	48,515	48,515	62,563
Interfund transfers (Note 4)	(100,065)	100,000	65	100,065	-
Net assets, end of year	\$ 94,889	\$ 100,000	\$ 510,904	\$ 610,904	\$ 514,629

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	2017	2016
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 67,649	\$ 26,409
Items not involving cash:		
Unrealized gain on marketable securities	(4,219)	(9,110)
Loss on disposal of marketable securities	(3,348)	3,982
	<u>60,082</u>	<u>21,281</u>
Changes in non-cash working capital balances		
Government remittances receivable	(1,460)	61
Inventory	576	17
Prepays	(1,000)	5,000
Accounts payable and accrued liabilities	-	(77)
Deferred revenue	(463)	(79,171)
	<u>(2,347)</u>	<u>(74,170)</u>
	<u>57,735</u>	<u>(52,889)</u>
Cash flows from investing activities		
Purchase of endowment fund investments	(75,065)	(55,992)
Purchase of marketable securities	(164,456)	(247,892)
Proceeds on disposal of marketable securities	187,616	263,459
	<u>(51,905)</u>	<u>(40,425)</u>
Cash flows from financing activities		
Endowment contributions	75,000	53,250
Increase in cash held in trust	(3,239)	-
	<u>71,761</u>	<u>53,250</u>
Increase (decrease) in cash during the year	77,591	(40,064)
Cash, beginning of year	<u>48,909</u>	<u>88,973</u>
Cash, end of year	\$ 126,500	\$ 48,909

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

Thunder Bay Field Naturalists Club Notes to Financial Statements (Unaudited)

December 31, 2017

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.

Thunder Bay Field Naturalists Club Notes to Financial Statements (Unaudited)

December 31, 2017

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, such as externally restricted grants and nature reserve donations, 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 (Unaudited)

December 31, 2017

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

	2017	2016
General:		
Savings accounts (cost \$1,313 (2016 - \$35,553))	\$ 1,313	\$ 35,553
Equities (cost \$243,604 (2016 - \$229,177))	256,936	238,289
	\$ 258,249	\$ 273,842
Land Endowment:		
Savings accounts (cost \$24,383 (2016 - \$20,893))	\$ 24,383	\$ 20,983
Equities (cost \$288,536 (2015 - \$216,871))	486,521	366,341
	\$ 510,904	\$ 387,324

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

	2017	2016
Memberships TBFN	\$ 970	\$ 950
Memberships TCBO	90	70
Nature Reserves	198,299	198,802
	\$ 199,359	\$ 199,822

4. Internally Restricted Net Assets

During the year, Thunder Bay Field Naturalists Club's Board of Directors internally restricted \$100,000 of net assets to be held for the future purchase of nature reserve land. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

Thunder Bay Field Naturalists Club Notes to Financial Statements (Unaudited)

December 31, 2017

5. Conservation lands

Conservation lands, either purchased or donated, are assets held as part of the Club's collection. The land collection consists of approximately 4727 acres at 16 conservation land locations held for the study and preservation of nature.

During the year, conservation lands were purchased for \$545,400. Of this amount, \$206,580 was funded by the Nature Conservancy of Canada ("NCC"), \$15,000 from the McClean Foundation 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.

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 Club is exposed to market risk to the extent that it holds securities in an active market. The Club held \$743,457 in equity investments at December 31, 2017.

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 Club'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.

7. Comparative Figures

Certain of the comparative figures presented in the accompanying financial statements have been reclassified to conform with the current year's presentation.

**Thunder Bay Field Naturalists Club
Schedule
(Unaudited)**

For the year ended December 31	2017	2016
Charitable activities		
Bird banding	\$ 1,440	\$ 1,678
Cabin	789	3,568
Conferences and workshops	2,065	3,687
Ontario Heritage Trust reserve	494	969
Insurance	1,402	1,375
Land acquisition	558,357	360,407
Land appraisals	13,777	-
Land stewardship	596	348
Miscellaneous	-	226
Project peregrines	6,328	-
Professional fees	17,021	4,177
Property and mining taxes (recovery)	(90)	630
	\$ 602,179	\$ 377,065
Distributions to other organizations		
NWO Regional Science Fair Award	\$ 375	\$ 375
Ontario Nature	515	165
	\$ 890	\$ 540
General and administrative		
Advertising and promotion	\$ 600	\$ 300
Bank charges	426	117
Dues, fees and memberships	735	469
Equipment	-	962
Fundraising and volunteer appreciation	-	130
Hall rental	606	453
Insurance	1,617	1,539
Newsletters	684	706
Office and postage	2,287	1,043
Professional fees	2,754	2,599
Website	125	130
	\$ 9,834	\$ 8,448