

Thunder Bay Field Naturalists Club
Financial Statements
For the year ended December 31, 2019
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Members of Thunder Bay Field Naturalists Club

We have reviewed the accompanying financial statements of Thunder Bay Field Naturalists Club that comprise the statement of financial position as at December 31, 2019, 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 Naturalists 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 Naturalists 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our review conclusion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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, 2019, 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
April 21, 2020

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

December 31	2019	2018
Assets		
Current		
Cash	\$ 135,756	\$ 151,882
Marketable securities (Note 2)	348,602	216,456
Accounts receivable	250	66,782
Government remittances receivable	2,722	4,048
Inventory	984	1,134
Prepays	5,185	-
	493,499	440,302
Land endowment investments (Note 2)	691,840	494,670
	\$ 1,185,339	\$ 934,972
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 553	\$ -
Deferred revenue (Note 3)	312,293	291,366
	312,846	291,366
Net assets		
Accumulated operating surplus		
Unrestricted	80,653	48,936
Internally restricted (Note 4)	100,000	100,000
Endowments (Note 2)	691,840	494,670
	872,493	643,606
	\$ 1,185,339	\$ 934,972

On behalf of the Board:

_____ Director

_____ Director

Thunder Bay Field Naturalists Club Statement of Operations (Unaudited)

For the year ended December 31	2019	2018
Revenue		
Federal grants		
Nature Conservancy of Canada	\$ -	\$ 99,585
Environment and Climate Change Canada	117,714	53,500
Parks Canada	5,000	-
Provincial grants		
Ontario Land Trust Alliance Inc.	-	13,282
Ontario Heritage Trust	2,900	-
Other grants and stewardship funding		
McLean Foundation grant	-	15,000
Echo Foundation grant	25,000	25,000
Bird Studies Canada	1,759	2,917
Events and merchandise	159	274
Memberships	4,407	5,338
General donations	4,967	17,772
Nature Reserve donations	108,363	312,776
Investment income	32,531	27,421
Other	3,625	730
	306,425	573,595
Expenses		
Charitable activities (Schedule)	255,080	584,974
Distributions to other organizations (Schedule)	365	165
General and administrative (Schedule)	23,146	14,236
	278,591	599,375
Excess (deficiency) of revenue over expenses for the year before the undernoted	27,834	(25,780)
Realized gain on disposal of investments	4,981	5,545
Unrealized investment losses	(1,098)	(25,318)
	31,717	(45,553)
Excess (deficiency) of revenue over expenses for the year	\$ 31,717	\$ (45,553)

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

2019 2018

	Operating			Total	Total
	Unrestricted	Internally Restricted	Endowments		
Net assets, beginning of year	\$ 48,936	\$ 100,000	\$ 494,670	\$ 643,606	\$ 705,793
Excess (deficiency) of revenue over expenses for the year	31,717	-	-	31,717	(45,553)
Endowment contributions	-	-	140,000	140,000	25,500
Endowment fair value increase (decrease) in investments	-	-	57,170	57,170	(42,134)
Net assets, end of year	\$ 80,653	\$ 100,000	\$ 691,840	\$ 872,493	\$ 643,606

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	2019	2018
Cash flows from operating activities		
Excess of revenue over expenses for the year	\$ 31,717	\$ (45,553)
Items not involving cash:		
Unrealized loss (gain) on marketable securities	1,098	25,318
Gain on disposal of marketable securities	(4,981)	(5,545)
	<u>27,834</u>	<u>(25,780)</u>
Changes in non-cash working capital balances		
Accounts receivable	66,532	(66,782)
Government remittances receivable	1,326	(364)
Inventory	150	442
Prepays	(5,185)	1,000
Accounts payable and accrued liabilities	553	-
Deferred revenue	20,927	92,007
	<u>84,303</u>	<u>26,303</u>
	<u>112,137</u>	<u>523</u>
Cash flows from investing activities		
Purchase of endowment fund investments	(140,000)	(44,444)
Proceeds on disposal of endowment fund investments	-	18,544
Purchase of marketable securities	(263,195)	(139,835)
Proceeds on disposal of marketable securities	139,763	161,855
	<u>(263,432)</u>	<u>(3,880)</u>
Cash flows from financing activities		
Endowment contributions	140,000	25,500
Change in marketable securities cash account	(4,831)	-
Decrease (increase) in cash held in trust	-	3,239
	<u>135,169</u>	<u>28,739</u>
Increase (decrease) in cash during the year	(16,126)	25,382
Cash, beginning of year	<u>151,882</u>	<u>126,500</u>
Cash, end of year	\$ 135,756	\$ 151,882

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

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

December 31, 2019

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, 2019

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 be 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, 2019

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.
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2. Marketable Securities

	2019	2018
General:		
Savings accounts (cost \$5,992 (2018 - \$1,162))	\$ 5,992	\$ 1,162
Equities (cost \$355,545 (2018 - \$227,131))	342,610	215,294
	\$ 348,602	\$ 216,456
Land Endowment:		
Savings accounts (cost \$26,084 (2018 - \$25,800))	\$ 26,361	\$ 25,800
Equities (cost \$452,883 (2018 - \$313,120))	665,479	468,870
	\$ 691,840	\$ 494,670

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

	2019	2018
Memberships TBFN	\$ 1,140	\$ 1,695
Memberships TCBO	140	160
Nature Reserves	311,013	289,511
	\$ 312,293	\$ 291,366

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, 2019

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 5650 acres at 18 conservation land locations held for the study and preservation of nature.

During the year, conservation lands were purchased for \$212,500. Of this amount, \$100,000 was funded by the ECCC, \$25,000 from the Echo Foundation and \$87,500 funded by Thunder Bay Field Naturalists. 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 ECCC 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 \$1,008,089 in equity investments at December 31, 2019.

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.

The Club is also exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

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 (Unaudited)

December 31, 2019

7. COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly, accentuating the market, credit and liquidity risks described in note 6. Thunder Bay Field Naturalists Club investments in equity instruments measured at fair value are reported in these financial statements at their values on December 31, 2019. The most recent valuation for the general and land endowment portfolios as at March 31, 2020 are \$275,997 and \$591,640, respectively.

If the effects of COVID-19 continue there could be further impact on Thunder Bay Field Naturalists Club and its major donors, funder and suppliers that could impact the Club's future operations. At this time, the full potential impact of COVID-19 on the Thunder Bay Field Naturalists Club is not known.

Thunder Bay Field Naturalists Club
Schedule
(Unaudited)

For the year ended December 31	2019	2018
Charitable activities		
Bird banding	\$ 2,708	\$ 5,971
Cabin	-	254
Conferences and workshops	1,955	3,576
Ontario Heritage Trust reserve	545	217
Insurance	1,730	1,492
Land acquisition	212,500	503,816
Land appraisals	-	38,424
Land stewardship	18,182	3,811
Miscellaneous	941	1,177
Project Peregrine	584	7,740
Professional fees	15,516	17,950
Property and mining taxes (recovery)	419	546
	\$ 255,080	\$ 584,974
Distributions to other organizations		
Lakehead University Herbarium	\$ 200	\$ -
Ontario Nature	165	165
	\$ 365	\$ 165
General and administrative		
Advertising and promotion	\$ 1,245	\$ 258
Bank charges	265	223
Dues, fees and memberships	735	735
Equipment	5,457	1,020
Fundraising and volunteer appreciation	-	1,391
Hall rental	692	791
Insurance	1,544	1,485
Newsletters	1,076	496
Office and postage	2,029	1,368
Professional fees	4,958	6,230
Travel	-	97
Website	5,145	142
	\$ 23,146	\$ 14,236