

Thunder Bay Field Naturalists Club
Financial Statements
For the year ended December 31, 2022
(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, 2022, 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, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our review conclusion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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, 2022, 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
July 28, 2023

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

December 31	2022	2021
Assets		
Current		
Cash	\$ 153,857	\$ 360,369
Marketable securities (Note 2)	531,965	600,519
Accounts receivable	299,531	6,267
Government remittances receivable	4,034	1,202
Inventory	2,613	3,505
	<u>992,000</u>	<u>971,862</u>
Land endowment investments (Note 2)	1,003,033	1,101,585
	<u>\$ 1,995,033</u>	<u>\$ 2,073,447</u>
Liabilities and Net Assets		
Current		
Bank indebtedness (Note 3)	\$ 289,406	\$ -
Deferred revenue (Note 4)	257,993	452,122
	<u>547,399</u>	<u>452,122</u>
Net assets		
Accumulated operating surplus		
Unrestricted	94,601	169,740
Internally restricted (Note 5)	350,000	350,000
Endowments (Note 2)	1,003,033	1,101,585
	<u>1,447,634</u>	<u>1,621,325</u>
	<u>\$ 1,995,033</u>	<u>\$ 2,073,447</u>

On behalf of the Board:

_____ Director

_____ Director

Thunder Bay Field Naturalists Club Statement of Operations (Unaudited)

For the year ended December 31	2022	2021
Revenue		
Nature Conservancy of Canada	\$ 30,000	\$ 30,000
Environment and Climate Change Canada	-	200
Parks Canada	5,000	5,000
Ministry of the Environment, Conservation and Parks	9,400	-
Ontario Land Trust Alliance Inc.	293,264	100,071
Ontario Heritage Trust	2,760	2,022
Ministry of Northern Development, Mines, Natural Resources and Forestry	20,000	-
Bird Studies Canada	-	1,311
TD - Friends of the Environment Foundation	-	5,750
Thunder Bay Community Foundation	2,000	-
United Way	200	-
Events and merchandise	1,904	30,993
Memberships	6,637	7,355
General donations	2,322	3,985
Nature Reserve donations	400,940	80,388
Investment income	53,375	43,418
Other	-	2,180
	827,802	312,673
Expenses		
Charitable activities (Schedule)	752,693	231,293
Distributions to other organizations (Schedule)	-	1,825
General and administrative (Schedule)	18,960	11,909
	771,653	245,027
Excess of revenue over expenses for the year before the undernoted	56,149	67,646
Realized gain on disposal of investments	64,737	22,110
Unrealized investment gain (loss)	(196,025)	124,301
Excess (deficiency) of revenue over expenses for the year	\$ (75,139)	\$ 214,057

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

2022

2021

	<u>Operating</u>			Total	Total
	Unrestricted	Internally Restricted	Endowments		
Net assets, beginning of year	\$ 169,740	\$ 350,000	\$1,101,585	\$1,621,325	\$ 1,166,407
Excess (deficiency) of revenue over expenses for the year	(75,139)	-	-	(75,139)	214,057
Endowment contributions	-	-	15,250	15,250	19,500
Endowment fair value increase (decrease) in investments	-	-	(113,802)	(113,802)	221,361
Net assets, end of year	\$ 94,601	\$ 350,000	\$1,003,033	\$1,447,634	\$ 1,621,325

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	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (75,139)	\$ 214,057
Items not involving cash:		
Unrealized (gain) loss on marketable securities	196,025	(124,301)
Realized gain on disposal of investments	(64,737)	(22,110)
	<u>56,149</u>	<u>67,646</u>
Changes in non-cash working capital balances		
Accounts receivable	(293,264)	22,748
Government remittances receivable	(2,832)	211
Inventory	892	(2,593)
Prepays	-	5,185
Deferred revenue	(194,129)	134,999
	<u>(489,333)</u>	<u>160,550</u>
	<u>(433,184)</u>	<u>228,196</u>
Cash flows from investing activities		
Purchase of endowment fund investments	(15,250)	(19,500)
Purchase of marketable securities	(301,479)	(121,127)
Proceeds on disposal of marketable securities	238,745	132,616
	<u>(77,984)</u>	<u>(8,011)</u>
Cash flows from financing activities		
Endowment contributions	15,250	19,500
Advances on bank indebtedness	326,500	-
Repayments on bank indebtedness	(37,094)	-
	<u>(21,844)</u>	<u>19,500</u>
Increase (decrease) in cash during the year	(206,512)	239,685
Cash, beginning of year	<u>360,369</u>	<u>120,684</u>
Cash, end of year	\$ 153,857	\$ 360,369

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

Thunder Bay Field Naturalists Club

Notes to Financial Statements

(Unaudited)

December 31, 2022

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, 2022

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, 2022

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

	2022	2021
General:		
Equities (cost \$526,220 (2021 - \$398,749))	531,965	600,519
Land Endowment:		
Savings accounts (cost \$22,790 (2021 - \$78,270))	\$ 22,790	\$ 78,270
Equities (cost \$622,777 (2021 - \$551,508))	980,243	1,023,315
	\$ 1,003,033	\$ 1,101,585

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. Bank Indebtedness

During the year, the Organization received a margin loan from Scotia Wealth Management which is secured against the investment portfolio. The loan accrues interest at 7.20%. The full amount of the loan was repaid subsequent to year-end.

4. Deferred Revenue

	2022	2021
Memberships TBFN	\$ 1,335	\$ 1,105
Nature Reserves	256,658	451,017
	\$ 257,993	\$ 452,122

5. Internally Restricted Net Assets

During the year ended December 31, 2019, Thunder Bay Field Naturalists Club's Board of Directors internally restricted \$350,000 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, 2022

6. Conservation Lands

Conservation lands, either purchased or donated, are assets held as part of the Club's collection. The land collection consists of approximately 7,100 acres at 21 conservation land locations held for the study and preservation of nature.

During the year, conservation lands were purchased for \$727,168. Of this amount, \$30,000 was funded by the Nature Conservancy of Canada, \$293,264 was funded by the Ontario Land Trust Alliance Inc., and \$403,904 was funded by the Thunder Bay Field Naturalists.

7. Financial Instruments

Unless otherwise noted, it is management's opinion that the Thunder Bay Field Naturalists Club is not exposed to significant currency 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 \$1,512,208 in equity investments at December 31, 2022.

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 Association'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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club is exposed to this risk on its variable rate bank indebtedness which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

Thunder Bay Field Naturalists Club Schedule (Unaudited)

For the year ended December 31	2022	2021
Charitable activities		
Bird banding	\$ 1,342	\$ 2,923
Cabin supplies	1,272	1,713
Conferences and workshops	2,593	-
Equipment	1,768	950
Gray fox project	207	-
Ontario Heritage Trust reserve	883	1,927
Insurance	2,619	3,146
Land acquisition	671,416	192,562
Land appraisals	36,082	6,838
Land stewardship	5,015	2,404
Miscellaneous	5,000	1,362
Nature guides	122	13,677
Professional fees	19,157	2,920
Property and mining taxes	2,079	871
Species at risk	3,138	-
	\$ 752,693	\$ 231,293
Distributions to other organizations		
Lakehead University Scholarship	\$ -	\$ 350
NWO Regional Science Fair Award	-	375
Ontario Land Trust Alliance	-	500
Ontario Nature	-	600
	\$ -	\$ 1,825
General and administrative		
Advertising and promotion	\$ 376	\$ 161
Bank charges	-	1
Dues, fees and memberships	915	1,108
Hall rental	-	194
Insurance	1,815	1,785
Newsletters	682	948
Office and postage	2,136	1,522
Professional fees	11,160	5,569
Website	1,876	621
	\$ 18,960	\$ 11,909