

Review Engagement Report

To The Members of THE OTTAWA FIELD NATURALISTS' CLUB

We have reviewed the statement of financial position of the The Ottawa Field-Naturalists' Club as at September 30, 2011, the statement of operations and changes in net assets and the statement of 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 enquiry, analytical procedures and discussion related to information supplied to us by the club.

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 generally accepted accounting principles.

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Welch LLP

Ottawa, Ontario
December 22, 2011

The Ottawa Field-Naturalists' Club
Statement of Financial Position
September 30, 2011

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash	\$136,624	\$78,103
Short-term investments (note 5)	65,494	98,954
Accounts receivable	33,482	2,388
Prepaid Expenses	290	1,935
	<u>235,890</u>	<u>181,380</u>
Long-term Investments (Note 5)	362,304	363,126
Land	<u>—</u>	<u>3,348</u>
	<u>\$598,194</u>	<u>\$547,854</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	13,610	4,478
Unearned revenue	<u>13,721</u>	<u>10,438</u>
	<u>27,331</u>	<u>14,916</u>
LIFE MEMBERSHIPS (Note 8)	<u>3,360</u>	<u>5,480</u>
NET ASSETS		
Unrestricted fund	289,356	280,770
Restricted fund for endowment purposes	36,989	—
Internally restricted	<u>241,158</u>	<u>246,688</u>
	<u>567,503</u>	<u>527,458</u>
	<u>\$598,194</u>	<u>\$547,854</u>

Approved by Council:

..... President
..... Treasurer

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club
Statement of Operations and Changes in Net Assets –
Unrestricted Fund
For the year ended September 30, 2011

	2011	2010
REVENUES		
Membership Fees	\$32,412	\$37,414
Donations – bequests	11,462	–
– other	6,728	7,572
Interest	8,572	11,280
Sales	1,228	626
Other	142	187
	<u>60,544</u>	<u>57,079</u>
OPERATING EXPENSES		
Administrator	2,000	2,000
Affiliation fees	225	225
Computer expense	2,451	2,751
Membership committee	1,286	866
Donations	3,538	2,000
Bookkeeping	7,542	6,300
Telephone	2,495	2,768
Insurance	580	785
Office and miscellaneous	3,486	4,986
Postage	1,083	906
Professional fees	2,000	2,500
	<u>26,686</u>	<u>26,087</u>
CLUB ACTIVITY EXPENSES		
Awards	858	-146
Birds	739	628
Publication – Canadian Field-Naturalist – net (note 6)	23,537	1,284
Education and publicity	328	912
Excursions and lectures	115	-3,897
Macoun Field Club	–	145
Trail and Landscape	7,230	7,099
Fletcher Wildlife Garden – net (note 7)	4,890	3,638
	<u>37,697</u>	<u>9,663</u>
Total Expenses	<u>64,383</u>	<u>35,750</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	-3,839	21,329
FUND BALANCE, BEGINNING OF YEAR	<u>280,770</u>	<u>256,843</u>
	<u>276,931</u>	<u>278,172</u>
Cumulative gains reported directly, end of year	16,898	4,473
Cumulative gains reported directly, beginning of year	<u>4,473</u>	<u>1,875</u>
Changes in unrealized gains of investments in the year	<u>12,425</u>	<u>2,598</u>
FUND BALANCE, END OF YEAR	<u>\$289,356</u>	<u>\$280,770</u>

The Ottawa Field-Naturalists' Club
Statement of Operations and Changes in Net Assets –
Endowment Fund
For the year Ended September 30, 2011

	2011	2010
Revenue		
Interest	\$ 535	\$ –
Fund Balance, Beginning of Year	–	–
	535	–
Endowment contribution	35,000	–
Inter-fund transfer	-267	–
Changes in unrealized gains of investments in the year – allocation	1,721	–
Fund Balance, End of Year	<u>\$ 36,989</u>	<u>\$ –</u>

The Ottawa Field-Naturalists' Club
Statement of Cash Flows
For the year ended September 30, 2011

	2011	2010
Cash Flows from Operating Activities		
Net revenue (expenses) – all funds	\$ -5,824	\$ 20,688
Adjustments for:		
Accounts receivable	-31,094	-1597
Prepaid expenses	1,645	1,500
Accounts payable and accrued liabilities	9,133	1,978
Deferred revenue	3,283	451
Life Memberships	-2,120	-13,264
	<u>-24,977</u>	<u>9,756</u>
Cash Flows from Investing Activities		
Purchase of investments	-25,000	-16,554
Proceeds from maturity of investments	73,498	–
	<u>48,498</u>	<u>-16,554</u>
Cash Flows from Financing Activities		
Endowment contribution	35,000	–
Increase (Decrease) in Cash	58,521	-6,798
Cash at Beginning of Year	<u>78,103</u>	<u>84,901</u>
Cash at End of Year	<u>\$136,624</u>	<u>\$ 78,103</u>

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club**Statement of Operations and Changes in Net Assets – Internally Restricted Funds****Year ended September 30, 2011**

	General Reserve for Contingencies	Manning Fund	Seedathon Fund	Anne Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Fund	2011 Total	2010 Total
Revenue								
Donations	–	–	932	–	320	–	1,252	2,859
Interest	–	2,166	–	–	–	–	2,166	4,199
	–	2,166	932	–	320	–	3,418	7,058
Expenses								
CFN Author (Expenses)	–	4,147	–	–	–	–	4,147	2,840
Donations	–	–	–	–	–	1,035	1,035	3,977
Seed	–	–	722	–	–	–	722	882
Other	–	–	–	34	–	–	34	–
	–	4,147	722	34	320	1,035	5,938	7,699
Net Revenues (Expenses)	–	-1,981	210	-34	320	-1,035	-2,520	-641
Fund Balances, Beginning of Year	100,000	120,944	409	630	13,064	1,204	3,977	240,228
	100,000	122,303	22	630	13,064	3,568	–	239,587
Other								
Inter-fund transfer	–	–	–	–	–	267	267	–
Cumulative gains reported directly, end of year	–	3,824	–	–	–	–	3,824	7,101
Cumulative gains reported directly, beginning of year	–	7,101	–	–	–	–	7,101	1,219
Changes in unrealized gains of investments in the year	–	-3,277	–	–	–	–	-3,277	5,882
Fund Balances, End of Year	\$100,000	\$124,146*	\$232	\$596	\$13,384	\$2,800	\$241,158	\$246,688

* includes principal of \$100,000 plus undistributed income of \$24,146

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club

Notes to the Financial Statements Year Ended September 30, 2011

1. Purpose of the Organization and Tax Status

The Canadian Field-Naturalists' Club (the "Club") is a registered charitable organization incorporated under the Corporations Act of the Province of Ontario. The Club promotes the appreciation, preservation, and conservation of Canada's natural heritage, encourages the investigation, publishes the results of research in all fields of natural history, and diffuses the information to the public and supports and cooperates with other organizations engaged in preserving, maintaining and restoring environments of high quality for living things.

The Club is a registered charity, and is exempt from income taxes by virtue of section 149(1)(f) of the Income Tax Act (Canada).

2. Significant Accounting Policies

Revenue recognition

General donations and fundraising proceeds are recorded as revenue in accordance with the deferral method of accounting. Restricted contributions are recognized as revenue of the appropriate restricted fund when the organization becomes entitled to them.

Membership fees and subscriptions are recorded as revenue over the term of the membership agreement once receipt is assured.

Fund accounting

The Club maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or object specified.

- The Unrestricted Fund accounts for the Club's program delivery and administration activities.
- The Endowment Fund was established by the family and friends of Martha Camfield to help continue her efforts to have children study, understand, respect and preserve their natural environment. Half of the interest generated is re-invested in the capital of the fund, while the other half of the interest generated is made available only for the use by the Macoun Field Club (the Macoun Fund).
- The General Reserve was established by the Club to fund outstanding operating expenses should the Club discontinue its operations.
- The Manning fund was established by a bequest, and the interest generated is used to assist authors to publish articles in the Canadian Field Naturalist (80%) and to assist the Club's special projects (20%).
- The Seedathon fund collects donations from the annual bird sighting event and purchases seed for the Club's bird feeders.
- The Anne Hanes Memorial fund was raised in memory of Anne Hanes, the founding editor of *Trail and Landscape*, and is used to finance the annual winners of the Anne Hanes Natural History Award.

- The de Kiriline-Lawrence fund was funded by a bequest from the popular author of nature books, and is supplemented by annual donations and used to support conservation efforts.
- The Macoun Baille Birdathon fund recognizes the donations and pledges based upon the number of bird sightings in the one day birdathon sponsored by Bird Studies Canada, and is used to support the Macoun Field Club, a youth club.

Investments

The Club designates all of its investments as available-for-sale and records them at their fair value. Changes in fair value are recognized in the statement of changes in net assets until the investment is disposed or maturity. Upon disposition or maturity, the investment's accumulated unrecognized gain or loss is recognized in the statement of operations.

Fair values of securities are determined by reference to published price quotations in an active market at year-end. Guaranteed investment certificates (GICs) are stated at cost plus accrued interest income, which approximates fair value given the short-term nature of these investments.

The purchase and sale of investments are accounted for using settlement date accounting. Investment management fees are expensed as incurred.

Capital assets

Capital assets are expensed in the year of acquisition.

Contributed services

The Club relies on contributed human resources in order to carry out its activities. As there is difficulty in determining the fair value of contributed services, they are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Future Accounting Standards

The Accounting and Standards Board of the Canadian Institute of Chartered Accountants recently approved a financial reporting framework designed specifically to meet the needs of the users of financial statements prepared by not for profit organizations. Not-for-profit organizations are also given the option to adopt International Financial Reporting Standards (IFRS) instead of the new not-for-profit accounting standards if that is the organization's preferred course of action. One of these new frameworks must be applied for the Club's

September 30, 2013 fiscal year-end and the Club is permitted to adopt these standards next year if they wish to do so. Council is currently evaluating the impact of these new reporting frameworks on their financial statements.

4. Financial Instruments

The Club’s financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, unearned revenue and deferred life memberships. Unless otherwise noted, it is management’s opinion that the Club is not exposed to significant interest, currency or credit risks arising from these instruments.

The Club’s cash, accounts receivable, accounts payable and accrued liabilities and unearned revenue are measured at their amortized cost in the financial statements. Due to their nature and capacity for prompt liquidation, the fair values of

these financial instruments approximate their carrying values. The Club’s investments are presented at their fair value as described in Note 2. The fair value of the deferred life memberships is not readily determinable.

Credit risk

The Club is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Club’s maximum exposure to credit risk represents the carrying value of its accounts receivable. The Club manages its credit risk by reviewing accounts receivable on a regular basis and following up on outstanding amounts. Management believes that all accounts receivable at year-end will be collected and has not deemed it necessary to establish an allowance for doubtful accounts.

5. Investments

Short-term investments are comprised of:

	2011	2010
CIBC GIC –		
0.65% due October 1, 2010	\$ –	\$ 20,734
CIBC GIC –		
0.80% due September 29, 2011	–	78,220
CIBC GIC –		
0.50% due October 3, 2011	20,734	–
Province of Newfoundland –		
4.58% due October 17, 2011	44,760	–
	<u>\$ 65,494</u>	<u>\$ 98,954</u>

Long-term investments are comprised of:

	2011	2010
Newfoundland –		
4.58% due October 17, 2011	\$ –	\$ 44,015
Canadian Western Bank –		
4.41% due October 9, 2012	29,562	28,313
Ontario –		
4.64% due December 2, 2012	15,166	14,769
Manitoba –		
4.75% due September 2, 2013	44,556	43,092
CIBC –		
4.19% due October 31, 2014	65,046	62,246
New Brunswick –		
4.30% due December 3, 2015	65,894	65,437
Ontario Hydro –		
4.01% due November 26, 2016	25,235	23,495
Ontario –		
4.07% due December 2, 2017	49,102	45,239
British Columbia –		
3.74% due March 5, 2019	27,257	–
Newfoundland –		
4.36% due January 7, 2020	40,486	36,520
	<u>\$ 362,304</u>	<u>\$ 363,126</u>

Interest rate risk

The Club manages the interest rate risk of its fixed income securities by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

Market risk

The Club’s investments are comprised of fixed income securities thus mitigating the risk and volatility of investment returns.

6. Canadian Field-Naturalist Publication

	2011	2010
Revenues		
Subscriptions	\$ 23,541	\$ 17,208
Reprints and electronic copies	4,181	4,400
Publication charges	41,609	34,206
	<u>69,331</u>	<u>55,814</u>
Expenses		
Publishing	57,951	33,282
Reprinting	607	996
Circulation	15,542	13,449
Editing	13,433	9,371
Open Journal System set-up (electronic publishing)	5,335	—
	<u>92,868</u>	<u>57,098</u>
	<u>\$ -23,537</u>	<u>\$ -1,284</u>

7. Fletcher Wildlife Garden Activities

	2011	2010
Revenues		
Donations and other income	\$ 5,055	\$ 4,408
Expenses		
Program	1,033	94
Backyard	464	575
Habitats	7,733	6,112
Interpretation centre	5	100
Administration	196	469
Fund raising	209	563
Publications	201	74
Library	104	59
	<u>9,945</u>	<u>8,046</u>
	<u>\$ (4,890)</u>	<u>\$ (3,638)</u>

8. Commitments

Life memberships

The Club is committed to provide for regular membership benefits to lifetime members. Since it is not practicable to determine the total liability associated with providing these benefits for the rest of the lives of these individuals, the annual costs are being charged against the existing liability and will be expensed as incurred after the liability is extinguished. Lifetime membership are no longer being offered by the Club. As of September 30, 2011, there were 53 active lifetime members.

Fletcher Wildlife Garden

The Club is also committed to maintaining a 13-acre property known as the Fletcher Wildlife Garden until March 31, 2014. The costs associated with maintaining the property are approximately 2,000 hours of contributed human resources per year. As the fair value of contributed human resources are not recognized in the financial statements, the corresponding

costs are also not recognized as part of the Fletcher Wildlife Gardens expenses described in Note 8. The expenses described in Note 8 are made over and above the Club's service requirements under the agreement.

9. Capital Disclosures

The Club defines its capital as its fund balances. The Club's objective when managing its capital is to hold sufficient unrestricted fund balances to maintain the stability of its financial structure enabling it to focus its efforts on serving its members. The Club's council is responsible for overseeing the effective management of capital.

10. Comparative Figures

Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year and are based upon financial statements reviewed by another accountant.