

Review Engagement Report

To The Members of THE OTTAWA FIELD-NATURALISTS’ CLUB

We have reviewed the statements of financial position of the The Ottawa Field-Naturalists’ Club as at September 30, 2012, September 30, 2011 and October 1, 2010, and the statements of operations, changes in fund balances and cash flows for the years ended September 30, 2012 and September 30, 2011. 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 accounting standards for not-for-profit organizations.

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Welch LLP

Ottawa, Ontario
December 17, 2012

The Ottawa Field-Naturalists’ Club
Statement of Financial Position
September 30, 2012, September 30, 2011 and October 1, 2010

	Sept. 30, 2012	Sept. 30, 2011	Oct. 1, 2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (note 5)	\$ 156,201	\$ 201,906	\$ 78,103
Short-term investments (note 5)	43,817	–	98,954
Accounts receivable	16,138	33,482	2,388
Prepaid expenses	1,403	290	1,935
	<u>217,559</u>	<u>235,678</u>	<u>181,380</u>
Long–Term Investments (Note 5)	386,170	340,074	351,552
Land	–	–	3,348
	<u>\$ 603,729</u>	<u>\$ 575,752</u>	<u>\$ 536,280</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,283	\$ 13,611	\$ 4,478
Deferred revenue	21,239	13,721	10,438
	<u>23,522</u>	<u>27,332</u>	<u>14,916</u>
LIFE MEMBERSHIPS (note 6)	<u>1,240</u>	<u>3,360</u>	<u>5,480</u>
FUND BALANCES			
General fund	303,378	272,458	276,297
Endowment fund	35,900	35,268	–
Internally restricted funds	239,689	237,334	239,587
	<u>578,967</u>	<u>545,060</u>	<u>515,884</u>
	<u>\$ 603,729</u>	<u>\$ 575,752</u>	<u>\$ 536,280</u>

Approved by Council:

..... President

..... Treasurer

(See accompanying notes)
PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club
Statement Of Operations and Changes in Fund Balance
– General Fund
Years Ended September 30, 2012 And 2011

	2012	2011
REVENUES		
Membership fees	\$ 30,308	\$ 32,412
Donations and bequests	21,954	18,190
The Canadian Field–Naturalist		
– subscription revenue	32,463	25,291
– author charges	27,984	44,040
Fletcher Wildlife Garden	5,684	5,055
Interest income	12,465	8,572
Peelee Trip	14,375	–
Other	680	1,370
	<u>145,913</u>	<u>134,930</u>
EXPENSES		
OPERATING:		
Affiliation fees	225	225
Bookkeeping	6,525	7,353
Courier and postage	319	1,083
Insurance	782	580
Interest and bank charges	1,471	652
Membership	1,347	1,286
Professional fees	2,000	2,000
Website	710	3,300
General and miscellaneous	2,697	6,859
	<u>16,076</u>	<u>23,338</u>
ACTIVITY:		
The Canadian Field–Naturalist	52,758	92,868
Fletcher Wildlife Garden	19,012	9,945
Awards committee	372	858
Soiree – net	(184)	–
Birds Committee	971	739
Donations	5,000	3,348
Education and publicity	381	328
Excursions and lectures	1,445	115
Macoun Club	555	–
Peelee Trip	11,049	–
Trail and Landscape	7,558	7,230
	<u>98,917</u>	<u>115,431</u>
TOTAL EXPENSES	<u>114,993</u>	<u>138,769</u>
NET REVENUES (EXPENSES)	<u>30,920</u>	<u>(3,839)</u>
FUND BALANCE,		
BEGINNING OF YEAR	<u>272,458</u>	<u>276,297</u>
FUND BALANCE,		
END OF YEAR	<u>\$303,378</u>	<u>\$272,458</u>

The Ottawa Field-Naturalists' Club
Statement of Operations and Changes in Fund Balance –
Endowment Fund
Years Ended September 30, 2012 and 2011

	2012	2011
Revenues		
Interest	\$ 1,263	\$ 535
Fund Balance, Beginning of Year	<u>35,268</u>	<u>–</u>
	36,531	535
Other		
Endowment contribution	–	35,000
Inter-fund transfer	(631)	(267)
Fund Balance, End of Year	<u>\$ 35,900</u>	<u>\$ 35,268</u>

* half of the interest generated by the fund annually is transferred to the Macoun Fund (see statement of operations and changes in fund balances – internally restricted funds).

* the prior years closing fund balance has been reduced from \$36,989 to \$35,268 to derecognize unrealized gains of \$1,721 previously recorded under CGAAP (note 2).

The Ottawa Field-Naturalists' Club
Statement of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Net revenues (expenses) – all funds	\$ 33,907	\$ (5,824)
Adjustments for:		
Accounts receivable	17,345	(31,094)
Investments	(15,956)	(8,340)
Prepaid expenses	(1,113)	1,645
Accounts payable and accrued liabilities	(11,329)	9,133
Deferred revenues	7,518	3,283
Life memberships	(2,120)	(2,120)
	<u>28,252</u>	<u>(33,317)</u>
Cash Flows from Investing Activities		
Purchase of investments	(120,000)	(25,000)
Proceeds from maturity of investments	46,043	147,120
	<u>(73,957)</u>	<u>122,120</u>
Cash Flows from Financing Activities		
Endowment contribution	–	35,000
Increase (Decrease) in Cash and Cash Equivalents	<u>(45,705)</u>	<u>123,803</u>
Cash and Cash Equivalents at Beginning of Year	<u>201,906</u>	<u>78,103</u>
Cash and Cash Equivalents at End of Year	<u>\$156,201</u>	<u>\$ 201,906</u>

Note: Cash equivalents include fixed income investments maturing within three months

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club**Statement of Operations and Changes in Fund Balances – Internally Restricted Funds
Years Ended September 30, 2012 And 2011**

	General Reserve for Contingencies	Manning Fund	Seedathon Fund	Anne Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Fund	2012 Total	2011 Total
Revenues								
Donations	—	—	\$ 1,500	—	—	\$ 2,000	\$ 3,500	\$ 1,252
Interest	—	5,532	—	—	—	—	5,532	2,166
	—	5,532	1,500	—	—	2,000	9,032	3,418
Expenses								
CFN author support	—	6,051	—	—	—	—	6,051	4,147
Donations	—	—	—	—	—	313	313	1,035
Seed	—	—	944	—	—	—	944	722
Other	—	—	—	—	—	—	—	34
	—	6,051	944	—	—	313	7,308	5,938
Net Revenues (Expenses)	—	(519)	556	—	—	1,687	1,724	(2,520)
Fund Balances, Beginning of Year	100,000	120,322	232	596	13,384	2,800	237,334	239,587
	100,000	119,803	788	596	13,384	4,487	239,058	237,067
Other								
Inter-fund transfer	—	—	—	—	—	631	631	267
Fund Balances, End of Year	<u>\$100,000</u>	<u>\$119,803</u>	<u>* \$788</u>	<u>\$596</u>	<u>\$13,384</u>	<u>\$5,118</u>	<u>\$239,689</u>	<u>\$237,334</u>

* includes principal of \$100,000 plus undistributed income of \$19,803

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club
Notes to the Financial Statements
Year Ended September 30, 2012 and 2011

1. Purpose of 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. Adoption of Accounting Standards for Not-for-profit Organizations

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPFO).

These are the club's first set of financial statements prepared in accordance with ASNFPFO. The club previously presented financial statements under Canadian generally accepted accounting principles (CGAAP) annually to September 30 of each fiscal year up to, and including September 30, 2011.

As these financial statements are the first financial statements for which the club has applied ASNFPFO, the financial statements have been prepared in accordance with the provisions set out in Section 1501 *first-time adoption by not-for-profit organizations*. Accordingly, the club has applied ASNFPFO retroactively to all comparative financial statements presented and included an opening statement of financial position at October 1, 2010 (the date of transition).

Section 1501 provides organizations with certain elective exemptions to the principle that an organization's opening statement of financial position shall comply with ASNFPFO. The club has not elected to use any of the available exemptions.

The adoption of ASNFPFO results in adjustments to the previously reported assets, liabilities and fund balances of the club. The effect of adopting ASNFPFO retroactively to the opening statement of financial position as at October 1, 2010 (the date of transition) is as follows:

		CGAAP	Transition	ASNFPFO
Assets				
Investments	(a)	\$ 462,080	\$ (11,574)	\$ 450,506
Other assets		85,774	—	85,774
		<u>\$ 547,854</u>	<u>\$ (11,574)</u>	<u>\$ 536,280</u>
Liabilities and fund balances				
Current liabilities		\$ 14,916	\$ —	\$ 14,916
Life memberships		5,480	—	5,480
General fund	(b)	280,770	(4,473)	276,297
Internally restricted funds	(c)	246,688	(7,101)	239,587
		<u>\$ 547,854</u>	<u>\$ (11,574)</u>	<u>\$ 536,280</u>

2. Adoption of Accounting Standards for Not-for-profit Organizations— Cont'd.

(a) Under the requirements of Section 3856, *Financial Instruments*, the club will subsequently measure its investments at amortized cost unless the investments are an equity instrument that is quoted in an active market or a qualified derivative contract. Previously, the club was prohibited from recording its fixed income securities at amortized cost and had designated them as available-for-sale assets (fair value measurement). Unrealized gains and losses due to changes in fair value were previously recognized in the changes of financial position.

(b) General fund as at October 1, 2010, previously	\$ 280,770
Adjustment for investments (a)	<u>(4,473)</u>
General fund as at October 1, 2010 under ASNFPFO	<u>\$ 276,297</u>
(c) Internally restricted funds as at October 1, 2010, previously	\$ 246,688
Adjustment for investments (a)	<u>(7,101)</u>
Internally restricted funds as at October 1, 2010 under ASNFPFO	<u>\$ 239,587</u>

The adjustment to the internally restricted funds affected the Manning Fund only. There were no adjustments required to any of the other internally restricted funds due to the above changes.

There were no changes to the organization's previously reported statement of operations or cash flows from operating, investing or financing activities as a result of the above changes.

3. Significant Accounting Policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The club records revenue in accordance with the deferral method of accounting.

Membership fees are recorded as revenue in the general fund proportionately over the fiscal year to which they relate. The club's membership year coincides with the calendar year, so a proportionate share of the membership fees received are deferred until the end of the calendar year to which they relate.

Subscription revenue is recorded as revenue in the general fund at the time of shipment of the related publication. Subscription revenue received in advance of shipment is recorded as deferred subscription revenue.

Unrestricted contributions are recorded as revenue in the general fund when they are received. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in fund balances.

Interest income comprises of interest from cash and cash equivalents and investments. Interest on cash equivalents and investments is recognized over their term using the effective interest method.

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 General 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 For Contingencies 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.

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.

Financial Instruments

The club's cash is measured at fair value. All other financial instruments are measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments. Cash equivalents consist of fixed income investments maturing within three months.

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 accounting standards for not-for-profit organizations 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.

4. Financial Instruments

The club's financial instruments are subject to the following risks:

a) *Credit risk*

The club is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics, that could be similarly affected by changes in economic conditions, such that the club could incur a financial loss. The club does not hold directly any collateral as security for financial obligations of counterparties.

The club's maximum exposure to credit risk represents the carrying value of its cash, accounts receivable and investments, totalling \$602,326 (2011 – \$575,462).

The club's cash is deposited with Canadian financial institutions, as a result management believes the risk of loss on cash to be remote. The cash equivalents and investments consist primarily of government bonds and guaranteed investment certificates of Canadian financial institutions of high credit quality. Possible changes to the credit quality of these securities exposes the club to credit risk. The club manages its exposure to this risk by holding a diversified portfolio with varied maturities. The club reduces its exposure to credit

risk on its accounts receivable by reviewing the accounts on a regular basis, following up on outstanding amounts and creating an allowance for doubtful accounts when applicable.

No allowance for impairment has been recorded on any of the items subject to credit risk.

b) *Liquidity risk*

Liquidity risk is the risk that the club cannot meet its debts when they become due. Liquidity risk also includes the risk of the club not being able to liquidate assets in a timely manner at a reasonable price.

The club meets its liquidity requirements by monitoring its expected future cash flow requirements and holding a significant amount of assets that can be readily converted into cash.

c) *Market risk*

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

d) *Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Approximately \$14,000 (2011 – \$5,000) of club's cash and cash equivalents are denominated in U.S. currency. However, the club primarily transacts in Canadian dol-

lars. As a result, management does not believe it is exposed to significant currency risk.

e) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with those instruments will fluctuate due to changes in market interest rates. The exposure of the club to interest rate risk arises from its interest bearing assets.

The club's cash includes amounts on deposit with Canadian financial institutions that earn interest at market rates. Fluctuations in market rates of interest on cash do not have a significant impact on the club's financial operations.

The club manages the interest rate risk of its cash equivalents and investments 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.

f) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The club is not exposed to other price risk.

5. Investments And Cash Equivalents

Cash equivalents are comprised of:

	2012		2011
	Market Value	Amortized Cost	Amortized Cost
Cash in accounts – at fair value	\$ 88,792	\$ 88,793	\$ 136,624
Canadian Western Bank – 4.41% due October 9, 2012	30,870	30,872	–
CIBC GIC – 1.4% due October 12, 2012	21,284	21,284	–
Ontario – 4.64% due December 2, 2012	15,346	15,252	–
Newfoundland – 4.58% due October 17, 2011	–	–	44,548
CIBC GIC – 1.4% due October 3, 2011	–	–	20,734
	<u>\$ 156,292</u>	<u>\$ 156,201</u>	<u>\$ 201,906</u>

Short-term investments are comprised of:

	2012		2011
	Market Value	Amortized Cost	Amortized Cost
Manitoba – 4.75% due September 2, 2013	<u>\$ 45,235</u>	<u>\$ 43,817</u>	<u>\$ –</u>

Long-term investments are comprised of:

	2012		2011
	Market Value	Amortized Cost	Amortized Cost
Canadian Western Bank – 4.41% due October 9, 2012	\$ –	\$ –	\$ 28,344
Ontario – 4.64% due December 2, 2012	–	–	14,575
Manitoba – 4.75% due September 2, 2013	–	–	41,830
CIBC – 4.19% due October 31, 2014	67,827	65,056	62,440
New Brunswick – 4.30% due December 3, 2015	65,003	60,850	61,117
Ontario Hydro – 4.01% due November 26, 2016	23,160	25,054	24,088
Ontario – 4.07% due December 2, 2017	51,572	46,687	44,861
Ontario – 2.58% due December 2, 2018	62,398	61,280	–
British Columbia – 3.74% due March 5, 2019	29,021	26,491	25,536
Newfoundland – 4.36% due January 7, 2020	43,771	38,908	37,283
British Columbia – 3.26% due August 23, 2021	63,945	61,844	–
	<u>\$ 406,697</u>	<u>\$ 386,170</u>	<u>\$ 340,074</u>

6. Commitments

Rent

The Club is committed to rent a room at the Canadian Museum of Nature which the club intends to use to conduct monthly meetings until June 2013. The cost is expected to be for \$200 per month plus applicable sales taxes. The room is not scheduled to be rented in the month of January 2013.

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 expensed as incurred. Lifetime memberships are no longer being offered by the Club. As of September 30, 2012, there were 51 (2011 – 53) active lifetime members.

Fletcher Wildlife Garden

The Club is 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 Garden expenses in the statement of operations of the General Fund. The Club incurs those expenses over and above the Club's service requirements under the agreement.

7. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year. The October 1, 2010 figures were reviewed by another accountant.