

Review Engagement Report

To The Members of THE OTTAWA FIELD-NATURALISTS' CLUB

We have reviewed the statement of financial position of The Ottawa Field-Naturalists' Club as at September 30, 2013 and the statements of operations, changes in fund balances and 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 accounting standards for not-for-profit organizations.

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Welch LLP

Ottawa, Ontario
December 23, 2013

The Ottawa Field-Naturalists' Club
Statement of Financial Position
September 30, 2013

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 4)	\$55,862	\$156,201
Short-term investments (note 4)	–	43,817
Amounts receivable	24,380	16,138
Prepaid expenses	633	1,403
	<u>80,875</u>	<u>217,559</u>
LONG-TERM INVESTMENTS (note 4)	537,456	386,170
	<u>\$618,331</u>	<u>\$603,729</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$3,582	\$2,283
Deferred revenue	16,683	21,239
	<u>20,265</u>	<u>23,522</u>
LIFE MEMBERSHIPS (note 5)	–	1,240
FUND BALANCES		
General fund	317,208	303,378
Internally restricted funds	244,376	239,689
Martha Camfield endowment fund	36,482	35,900
	<u>598,066</u>	<u>578,967</u>
	<u>\$618,331</u>	<u>\$603,729</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
Year Ended September 30, 2013

	2013	2012
REVENUES		
Membership fees	\$ 28,703	\$ 30,308
Donations and bequests	27,149	21,954
The Canadian Field-Naturalist		
– subscription revenue	26,153	32,463
– author charges	28,234	27,984
Fletcher Wildlife Garden	4,395	5,684
Pelee Trip	–	14,375
Interest income	13,744	12,465
Advertising	1,675	–
Other	1,828	680
	<u>131,881</u>	<u>145,913</u>
EXPENSES		
OPERATING:		
Affiliation fees	450	225
Bookkeeping	4,941	6,525
Courier and postage	359	319
Insurance	1,245	782
Interest and bank charges	1,400	1,471
Membership	1,000	1,347
Professional fees	2,800	2,000
Website	3,500	710
General and miscellaneous	3,452	2,697
	<u>19,147</u>	<u>16,076</u>
ACTIVITY:		
The Canadian Field-Naturalist	78,600	52,758
Fletcher Wildlife Garden	7,604	19,012
Awards committee	534	372
Soiree – net	87	(184)
Birds Committee	1,010	971
Donations	–	5,000
Education and publicity	1,829	381
Excursions and lectures	1,953	1,445
Macoun Club	301	555
Pelee Trip	–	11,049
Trail and Landscape	6,986	7,558
	<u>98,904</u>	<u>98,917</u>
TOTAL EXPENSES	<u>118,051</u>	<u>114,993</u>
NET REVENUES	13,830	30,920
FUND BALANCE,		
BEGINNING OF YEAR	<u>303,378</u>	<u>272,458</u>
FUND BALANCE,		
END OF YEAR	<u>\$317,208</u>	<u>\$303,378</u>

The Ottawa Field-Naturalists' Club
Statement of Changes in Fund Balance – Martha
Camfield Endowment Fund
Year Ended September 30, 2013

	2013	2012
Fund Balance, Beginning of Year	\$ 35,900	\$ 35,268
Interest	<u>582</u>	<u>632</u>
Fund Balance, End of Year	<u>\$ 36,482</u>	<u>\$ 35,900</u>

Note: The interest above represents half of the interest generated by the fund, which is reinvested in the capital of the fund. The other half of the interest is recognized as interest revenue of the Macoun Fund and is made available for the use of the Macoun Field Club.

The Ottawa Field-Naturalists' Club
Statement of Cash Flows
Year Ended September 30, 2013

	2013	2012
Cash Flows from Operating Activities		
Net revenues – all funds	\$ 18,517	\$ 33,275
Adjustments for:		
Amounts receivable	(8,242)	17,345
Investments	(16,031)	(15,956)
Prepaid expenses	770	(1,113)
Accounts payable and accrued liabilities	1,299	(11,329)
Deferred revenues	(4,556)	7,518
Life memberships	(1,240)	(2,120)
	<u>(9,483)</u>	<u>27,620</u>
Cash Flows from Financing Activities		
Purchase of investments	(137,178)	(120,000)
Proceeds from maturity of investments	<u>45,740</u>	<u>46,043</u>
	<u>(91,438)</u>	<u>(73,957)</u>
Cash Flows from Financing Activities		
Endowment interest reinvested	<u>582</u>	<u>632</u>
Increase (Decrease) in Cash and Cash Equivalents	(100,339)	(45,705)
Cash and Cash Equivalents at Beginning of Year	156,201	201,906
Cash and Cash Equivalents at End of Year	<u>\$ 55,862</u>	<u>\$ 156,201</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****Year Ended September 30, 2013**

	General Reserve for Contingencies	Manning Fund	Seedathon Fund	Anne Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Fund	2013 Total	2012 Total
Revenues								
Donations	\$ –	\$ 100	\$ 1,130	\$ –	\$ –	\$ 1,425	\$ 2,655	\$ 3,500
Interest	–	3,888	–	–	–	582	4,470	6,163
	–	3,988	1,130	–	–	2,007	7,125	9,663
Expenses								
CFN author support	–	–	–	–	–	–	–	6,051
Donations	–	–	–	–	–	–	–	313
Seed	–	–	1,110	–	–	–	1,110	944
Macoun activities	–	–	–	–	–	1,253	1,253	–
Other	–	–	–	75	–	–	75	–
	–	–	1,110	75	–	1,253	2,438	7,308
Net Revenues (Expenses)	–	3,988	20	(75)	–	754	4,687	2,355
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$100,000</u>	<u>\$123,791*</u>	<u>\$ 808</u>	<u>\$ 521</u>	<u>\$ 13,384</u>	<u>\$ 5,872</u>	<u>\$244,376</u>	<u>\$239,689</u>

* includes principal of \$100,000 plus undistributed income of \$23,791.

(See accompanying notes)

PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club

Notes to the Financial Statements

Year Ended September 30, 2013

1. Purpose of Organization and Tax Status

The Ottawa 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

Basis of accounting

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

Revenue recognition

- (i) The club follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.
- (ii) Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. The club's membership year is January 1 to December 31. The portion of membership fees that are received but not yet recognized as revenue are recorded as deferred revenue.
- (iii) Subscription revenue is recognized as revenue at the time of shipment of the related publication. The liability for the portion of subscription revenues invoiced in advance of shipment is recorded as deferred revenue.
- (iv) Advertising revenue is recognized in the period in which the advertisement is published.
- (v) Interest income comprises interest from cash and cash equivalents and investments. Interest on cash equivalents and investments is recognized over their term using the effective interest method. Interest income derived from the investment of restricted contributions, where the contribution agreement specifies that the investment income is restricted, is accounted for the same manner as the restricted contributions.

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.

(i) General Fund

The General Fund reports revenue and expenses relating to general operations and administration activities.

(ii) Martha Camfield Endowment Fund

The Martha Camfield 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 by the fund is reinvested 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).

(iii) General Reserve

The General Reserve For Contingencies was established by the Club to fund outstanding operating expenses should the Club discontinue its operations.

(iv) Manning Fund

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.

(v) Seedathon Fund

The Seedathon fund collects donations from the annual bird sighting event and purchases seed for the Club's bird feeders.

(vi) Anne Hanes Memorial Fund

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.

(vii) De Kiriline-Lawrence Fund

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.

(viii) Macoun Baillie Birdathon Fund

The Macoun Baillie 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 initially measures its financial assets and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or financial liability is subsequently measured at cost or amortized cost. The club measures all

of its financial assets and financial liabilities at cost or amortized cost.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less.

Capital assets

Capital assets are expensed in the year of acquisition.

Donated services

The club is dependent on the voluntary service of many of its members. As there is difficulty in determining the fair value of voluntary services, they are not recognized in these financial statements.

Internally restricted net assets

Internally restricted net assets represent the amount approved by the Council to be set aside for special purposes. These amounts are not available for unrestricted purposes without the approval of Council.

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 disclosures 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

3. Financial Instruments

The club is exposed to various risks through its financial instruments. The following analysis provides a measure of the club's risk exposure and concentrations as at September 30, 2013.

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, amounts receivable and investments, totalling \$617,698 (2012 – \$602,326).

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 amounts receivable by reviewing the accounts on a regular

basis, following up on outstanding amounts and creating an allowance for doubtful accounts when applicable.

An allowance of \$1,160 for impairment has been recorded against the amounts receivable.

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.

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.

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 \$18,000 (2012 – \$14,000) of club's cash and cash equivalents are denominated in U.S. currency. However, the club primarily transacts in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

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 the implementation of prudent investment policies. The club's investments in bonds mature at face value on a staggered basis over the next twelve years. 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. Effective interest rates to maturity for these securities range from 2.40% to 4.36% (2012 2.58% to 4.75%).

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.

Changes in risk

There have been no changes in the club's risk exposures from the prior year.

4. Cash And Cash Equivalents And Investments

Cash and cash equivalents are comprised of:

	2013		2012
	Market Value	Amortized Cost	Amortized Cost
Cash in accounts – at fair value	\$ 55,862	\$ 55,862	\$ 88,793
Canadian Western Bank – 4.41% due October 9, 2012	–	–	30,872
CIBC GIC – 1.4% due October 12, 2012	–	–	21,284
Ontario – 4.64% due December 2, 2012	–	–	15,252
	<u>\$ 55,862</u>	<u>\$ 55,862</u>	<u>\$ 156,201</u>

Short-term investments are comprised of:

	2013		2012
	Market Value	Amortized Cost	Amortized Cost
Manitoba – 4.75% due September 5, 2013	–	–	\$ 43,817

Long-term investments are comprised of:

	2013		2012
	Market Value	Amortized Cost	Amortized Cost
CIBC – 4.19% due October 31, 2014	\$ 69,510	\$ 67,782	\$ 65,056
New Brunswick – 4.30% due December 3, 2015	63,539	60,582	60,850
Home Trust GIC – 2.40% due October 12, 2016	34,175	34,175	–
Ontario Hydro – 4.01% due November 26, 2016	26,600	26,058	25,054
Ontario – 4.07% due December 2, 2017	52,200	48,588	46,687
Ontario – 2.58% due December 2, 2018	62,810	62,861	61,280
British Columbia – 3.74% due March 5, 2019	29,079	27,481	26,491
Newfoundland – 4.36% due January 7, 2020	43,709	40,605	38,908
British Columbia – 3.26% due August 23, 2021	63,438	63,860	61,844
Nova Scotia Power – 2.80% due February 26, 2022	15,904	17,126	–
Hydro Quebec – 3.12% due February 15, 2023	38,423	41,185	–
Manitoba – 3.82% due September 5, 2025	45,936	47,153	–
	<u>\$ 545,323</u>	<u>\$537,456</u>	<u>\$ 386,170</u>

5. 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 expensed as incurred. Lifetime memberships are no longer being offered by the club. As of September 30, 2013, there were 49 (2012 - 51) active lifetime members.

Fletcher Wildlife Garden

The Fletcher Wildlife Garden (FWG) is 6.5 hectare property of the Central Experimental Farm in Ottawa, Ontario and

is a long-term project of the club. The FWG is managed by a club committee and maintained by club volunteers. The costs associated with maintaining the property are approximately 2,000 hours of voluntary human resources per year, plus regular maintenance and cleaning supplies. The fair value of the contributed human resources are not recognized in these financial statements.

6. Comparative Figures

Certain comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.