

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, 2014 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.

Welch LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Ottawa, Ontario
December 22, 2014

The Ottawa Field-Naturalists' Club
Statement of Financial Position
September 30, 2014

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 4)	\$ 298,742	\$ 55,862
Amounts receivable	16,802	24,380
Prepaid expenses	3,813	633
	<u>319,357</u>	<u>80,875</u>
LONG-TERM INVESTMENTS (note 4)	547,883	537,456
	<u>\$ 867,240</u>	<u>\$ 618,331</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	3,382	\$3,582
Deferred revenue	12,953	16,683
	<u>16,335</u>	<u>20,265</u>
FUND BALANCES		
General fund	552,505	317,208
Internally restricted funds	261,337	244,376
Martha Camfield endowment fund	37,063	36,482
	<u>850,905</u>	<u>598,066</u>
	<u>867,240</u>	<u>\$618,331</u>

Approved by the Board:

..... President

..... Treasurer

The Ottawa Field-Naturalists' Club
Statement of Operations and Changes in Fund Balance
– General Fund
Year Ended September 30, 2014

	2014	2013
REVENUES		
Membership fees	\$ 27,873	\$ 28,703
Donations and bequests (note 7)	267,055	27,149
The Canadian Field-Naturalist		
– subscription revenue	23,357	26,153
– author charges	27,645	28,234
Fletcher Wildlife Garden	–	4,395
Pelee Trip	14,937	–
Interest income	13,961	13,744
Advertising	150	1,675
Other	1,739	1,828
	<u>\$ 376,717</u>	<u>\$ 131,881</u>
EXPENSES		
OPERATING:		
Affiliation fees	400	450
Bookkeeping	3,225	4,941
Courier and postage	380	359
Insurance	1,631	1,245
Interest and bank charges	1,246	1,400
Membership	892	1,000
Professional fees	4,130	2,800
Website	2,078	3,500
Fundraising	1,755	–
General and miscellaneous	2,531	3,452
	<u>\$ 18,268</u>	<u>\$ 19,147</u>
ACTIVITY:		
The Canadian Field-Naturalist	78,758	78,600
Fletcher Wildlife Garden	1,680	7,604
Awards committee	65	534
Soiree – net	138	87
Birds Committee	984	1,010
Donations	5,000	–
Education and publicity	2,612	1,829
Excursions and lectures	1,547	1,953
Macoun Club	241	301
Pelee Trip	12,483	–
Trail and Landscape	7,318	6,986
	<u>110,826</u>	<u>98,904</u>
TOTAL EXPENSES	<u>129,094</u>	<u>118,051</u>
NET REVENUES	247,623	13,830
FUND BALANCE,		
BEGINNING OF YEAR	<u>317,208</u>	<u>303,378</u>
Inter-fund transfer -		
to internally restricted funds	<u>(12,326)</u>	<u>–</u>
FUND BALANCE,		
END OF YEAR	<u>\$ 552,505</u>	<u>\$ 317,208</u>

The Ottawa Field-Naturalists' Club
Statement of Changes in Fund Balance – Martha
Camfield Endowment Fund
Year Ended September 30, 2014

	2014	2013
Fund Balance, Beginning of Year	\$ 36,482	\$ 35,900
Interest	<u>581</u>	<u>582</u>
Fund Balance, End of Year	<u>\$ 37,063</u>	<u>\$ 36,482</u>

Note: In accordance with the endowment agreement, the interest above represents half of the interest generated by the fund and is re-invested in the capital of the fund. The other half of the interest generated by the fund is recognized as interest revenue of the Macoun Fund (see Statement of Operations and Changes in Fund Balances - Internally Restricted Funds) 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, 2014

	2014	2013
Cash Flows from Operating Activities		
Net revenues – all funds	\$ 252,258	\$ 18,517
Adjustments for:		
Amounts receivable	7,578	(8,242)
Investments	54,141	(16,031)
Prepaid expenses	(3,180)	770
Accounts payable and accrued liabilities	(200)	1,299
Deferred revenues	(3,730)	(4,556)
Life memberships	–	(1,240)
	<u>306,867</u>	<u>(9,483)</u>
Cash Flows from Investing Activities		
Purchase of investments	(64,568)	(137,178)
Proceeds from maturity of investments	–	45,740
	<u>(64,568)</u>	<u>(91,438)</u>
Cash Flows from Financing Activities		
Endowment interest earned	<u>581</u>	<u>582</u>
Increase (Decrease) in Cash and Cash Equivalents	242,880	(100,339)
Cash and Cash Equivalents at Beginning of Year	55,862	156,201
Cash and Cash Equivalents at End of Year	<u>\$ 298,742</u>	<u>\$ 55,862</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, 2014

	General Reserve for Contingencies	Fletcher Wildlife Garden Fund	Manning Fund	Seedathon Fund	Ann Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Funds	2014 Total	2013 Total
Revenues									
Donations and grants	\$ –	\$ 851	\$ –	\$ 1,061	\$ –	\$ –	\$ –	\$ 1,912	\$ 2,655
Fundraising	–	4,916	–	–	–	–	–	4,916	–
Interest	–	–	3,946	–	–	–	581	4,527	4,470
	–	5,767	3,946	1,061	–	–	581	11,355	7,125
Expenses									
Habitats	–	4,766	–	–	–	–	–	4,766	–
Fundraising	–	770	–	–	–	–	–	770	–
Seed	–	–	–	1,184	–	–	–	1,184	1,110
Other	–	–	–	–	–	–	–	–	1,328
	–	5,536	–	1,184	–	–	–	6,720	2,438
Net Revenues (Expenses)	–	231	3,946	(123)	–	–	581	4,635	4,687
Fund Balances,									
Beginning of Year	100,000	–	123,791	808	521	13,384	5,872	244,376	239,689
inter-fund transfer – from General Fund*	–	12,326	–	–	–	–	–	12,326	–
Fund Balances,									
End of Year	\$ 100,000	\$ 12,557	\$ 127,737**	\$ 685	\$ 521	\$ 13,384	\$ 6,453	\$ 261,337	\$ 244,376

*the inter-fund transfer from the General fund to the Fletcher Wildlife Garden fund was authorized by the Board and is intended to reflect the net revenue from Fletcher Wildlife Garden activities that were reported within the General fund prior to the creation of the Fletcher Wildlife Garden fund
**includes principal of \$100,000 plus undistributed income of \$27,737

(See accompanying notes)
PREPARED WITHOUT AUDIT

The Ottawa Field-Naturalists' Club

Notes to the Financial Statements

Year Ended September 30, 2014

1. Purpose of Organization and Tax Status

The Ottawa Field-Naturalists' Club (the "club") is a volunteer, registered charitable organization incorporated under the Corporations Act of the Province of Ontario. The objectives of the club are to promote the appreciation, preservation, and conservation of Canada's natural heritage and to encourage investigation and dissemination of the results of research in all fields of natural history.

The club's operations are overseen by a Board of Directors (the "board"). Individual activities are undertaken by club members participating in standing committees.

As a registered charity the club 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) 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.
- (ii) 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. The organization only recognizes revenue from bequests if the will has been probated and a valuation has been received from the executor of the estate and collection can be reasonably assured. Otherwise, revenue from bequests will be recognized as the amounts are received.
- (iii) Subscription revenue and author charges are recognized as revenue at the time of release and shipment of the related publication. The liability for the portion of subscription revenue and author charges invoiced in advance of the release and shipment of the related publication is recorded as deferred revenue.
- (iv) Trip revenue is recognized at the conclusion of the related field trip. Amounts collected in advance of field trips that have not yet taken place is recorded as deferred revenue.
- (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 in-

come 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.

- (vi) Advertising revenue is recognized in the period in which the advertisement is published.
- (vii) Fundraising revenue is included in the statement of operations upon completion of the fundraising event.
- (viii) Other revenue includes royalties and the sale of other products and services. Revenue from royalties is recognized in accordance with the related agreement. Revenue from the sale of other products and services is recognized at the time of delivery or when the service has been rendered.

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.

General Fund

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

Internally Restricted Funds

- (i) General Reserve

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

- (ii) Fletcher Wildlife Garden Fund

The Fletcher Wildlife Garden fund supports the habitat development at the Fletcher Wildlife Garden, with income directed donations and the proceeds for the annual plant sale.

- (iii) 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.

- (iv) Seedathon Fund

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

- (v) 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.

(vi) 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.

(vii) Macoun Funds

This comprises the activity of two internally restricted funds, the Martha Camfield Memorial fund and the Macoun Baillie Birdathon fund. The former is used to support special projects of the Macoun Field Club, a youth club. The latter was raised from donations made during the Baillie Birdathons. Its purpose is to support bird research by a Macoun Field Club youth member.

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 re-invested in the capital of the fund while the other half of the interest generated is credited to the Martha Camfield Memorial fund and is made available only for the use of the Macoun Field Club. In the Statement of Operations and Changes in Fund Balances — Internally Restricted Funds, the Martha Camfield Memorial fund and the Macoun Baillie Birdathon Fund are consolidated and presented as the Macoun Funds.

Internally Restricted Net Assets

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

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.

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.

Significant estimates include those used when accounting for amounts receivable.

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, 2014.

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 \$863,427 (2013 – \$617,698).

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.

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.

(i) *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 \$10,000 (2013 – \$18,000) 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.

(ii) *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 port-

folio 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% (2013 2.40% to 4.36%).

(iii) *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:

	2014		2013
	Market Value	Amortized Cost	Amortized Cost
Cash in accounts – at fair value	\$ 228,120	\$228,120	\$ 55,862
CIBC – 4.19% due October 31, 2014	70,740	70,622	–
	<u>\$ 298,860</u>	<u>\$298,742</u>	<u>\$ 55,862</u>

Long-term investments are comprised of:

	2014		2013
	Market Value	Amortized Cost	Amortized Cost
CIBC – 4.19% due October 31, 2014	\$ –	\$ –	\$ 67,782
New Brunswick – 4.30% due December 3, 2015	62,085	60,315	60,582
Home Trust GIC – 2.40% due October 12, 2016	34,995	34,995	34,175
Ontario Hydro – 4.01% due November 26, 2016	27,357	27,103	26,058
Ontario – 4.07% due December 2, 2017	54,281	50,565	48,588
Ontario – 2.58% due December 2, 2018	65,965	64,483	62,861
British Columbia – 3.74% due March 5, 2019	30,744	28,509	27,481
RBC GIC – 2.51% due September 29, 2019	30,000	30,000	–
Newfoundland – 4.36% due January 7, 2020	46,684	42,375	40,605
British Columbia – 3.26% due August 23, 2021	68,828	65,942	63,860
Nova Scotia Power – 2.80% due February 26, 2022	17,487	17,606	17,126
Manitoba – 2.60% due September 5, 2022	33,699	34,568	–
Hydro Quebec – 3.12% due February 15, 2023	42,376	42,469	41,185
Manitoba – 3.82% due September 5, 2025	51,397	48,953	47,153
	<u>\$ 565,898</u>	<u>\$547,883</u>	<u>\$ 537,456</u>

A portion of the club’s cash equivalents and long-term investments totalling \$37,063 (2013 – \$36,482) is restricted for endowment purposes. The club has not segregated and identified any particular investment as being held for endowment purposes. The club allocates a portion of the total interest generated during the year on all of its investments to the endowment fund based upon the opening endowment fund’s balance in comparison to the club’s total opening net assets.

5. **Capital Assets**

No capital assets have been expensed and included in the statements of operations in either the current or preceding fiscal year.

6. **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 membership are no longer being offered by the club. As of September 30, 2014, there were 49 (2013 – 49) 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.

7. Contingent Gain and Subsequent Events

In the prior year, the club became aware that it was the sole beneficiary of an Estate. The entire bequest is unrestricted. One of the club's directors has assumed the role of trustee, and is in the process of settling the Estate. For the year ended September 30, 2014, the Estate transferred cash and investments to the club totalling \$261,987. This amount has been recognized as revenue in the club's General fund. Subsequent to the year-end the club received an additional \$100,000 from the Estate and the trustee estimates that a further \$640,000 will be received by the club by the time the Estate is settled. Amounts received after the year-end will be recognized as revenue by the club upon receipt.

Subsequent to the year-end, the club donated \$200,000 to the Nature Conservancy of Canada to assist with the purchase of some ecologically significant land, from the funds received from the Estate.