

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, 2015 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
February 15, 2016

The Ottawa Field-Naturalists' Club
Statement of Financial Position
September 30, 2015

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 383,267	\$ 228,120
Short-term investments (note 4)	145,803	70,622
Amounts receivable	89,226	16,802
Prepaid expenses	1,079	3,813
	<u>619,375</u>	<u>319,357</u>
LONG-TERM INVESTMENTS (note 4)	998,347	547,883
	<u>\$1,617,722</u>	<u>\$ 867,240</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,755	\$ 3,382
Deferred revenue	12,481	12,953
	<u>15,236</u>	<u>16,335</u>
FUND BALANCES		
General fund	1,298,752	552,505
Internally restricted funds	266,112	261,337
Martha Camfield endowment fund	37,622	37,063
	<u>1,602,486</u>	<u>850,905</u>
	<u>\$1,617,722</u>	<u>\$ 867,240</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, 2015

	2015	2014
REVENUES		
Membership fees	\$ 28,243	\$ 27,873
Bequests	973,781	261,987
Donations	4,124	5,068
The Canadian Field-Naturalist		
– subscription revenue	22,255	23,357
– author charges	41,487	27,645
Pelee trip	–	14,937
Interest	21,943	13,961
Advertising	675	150
Other	3,754	1,905
	<u>1,096,262</u>	<u>376,883</u>
EXPENSES		
OPERATING:		
Affiliation fees	422	400
Bookkeeping	2,424	3,225
Courier and postage	797	380
Insurance	1,728	1,631
Interest and bank charges	1,379	1,246
Membership	1,201	892
Professional fees	2,723	4,130
Website	2,000	2,078
Maintenance	1,650	1,755
General and miscellaneous	2,237	2,697
	<u>16,561</u>	<u>18,434</u>
ACTIVITY:		
The Canadian Field-Naturalist	76,857	78,758
Fletcher Wildlife Garden	4,360	1,680
Awards committee	523	65
Soiree — net	518	138
Birds committee	5,554	984
Donations	214,500	5,000
Education and publicity	11,441	2,612
Excursions and lectures	136	1,547
Macoun Club	137	241
Pelee trip	–	12,483
Trail and Landscape	8,059	7,318
Research grants	11,369	–
	<u>333,454</u>	<u>110,826</u>
TOTAL EXPENSES	<u>350,015</u>	<u>129,260</u>
NET REVENUE	746,247	247,623
FUND BALANCE,		
BEGINNING OF YEAR	552,505	317,208
	1,298,752	564,831
Inter-fund transfer - internally restricted funds	–	(12,326)
FUND BALANCE, END OF YEAR	<u>\$ 1,298,752</u>	<u>\$ 552,505</u>

The Ottawa Field-Naturalists' Club
Statement of Changes in Fund Balance – Martha
Camfield Endowment Fund
Year Ended September 30, 2015

	2015	2014
FUND BALANCE,		
BEGINNING OF YEAR	\$ 37,063	\$ 36,482
Interest earned	559	581
FUND BALANCE, END OF YEAR	<u>\$ 37,622</u>	<u>\$ 37,063</u>

Note: 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, 2015

	2015	2014
Cash Flows from Operating Activities		
Net revenues – all funds	\$ 751,022	\$ 252,258
Change in the level of:		
Amounts receivable	(72,424)	7,578
Investments	(23,060)	(16,481)
Prepaid expenses	2,734	(3,180)
Accounts payable and accrued liabilities	(627)	(200)
Deferred revenue	(472)	(3,730)
	<u>657,173</u>	<u>236,245</u>
Cash Flows from Investing Activities		
Purchase of investments	(723,905)	(64,568)
Proceeds from maturity of investments	221,320	–
	<u>(502,585)</u>	<u>(64,568)</u>
Cash Flows from Financing Activities		
Endowment interest earned	559	581
Increase in Cash	155,147	172,258
Cash at Beginning of Year	228,120	55,862
Cash at End of Year	<u>\$ 383,267</u>	<u>\$ 228,120</u>

(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, 2015

	General Reserve for Contingencies	Fletcher Wildlife Garden Fund	Manning Fund	Seedathon Fund	Ann Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Funds	2015 Total	2014 Total
Revenues									
Donations and grants	\$ -	\$ 2,145	\$ 225	\$ 1,438	\$ -	\$ -	\$ -	\$ 3,808	\$ 1,912
Fundraising	-	4,866	-	-	-	-	-	4,866	4,916
Interest	-	-	3,849	-	-	-	559	4,408	4,527
	-	7,011	4,074	1,438	-	-	559	13,082	11,355
Expenses									
Habitats	-	4,656	-	-	-	-	-	4,656	4,766
Fundraising	-	525	-	-	-	-	-	525	770
Seed	-	-	-	1,295	-	-	-	1,295	1,184
Other	-	-	-	-	-	-	1,831	1,831	-
	-	5,181	-	1,295	-	-	1,831	8,307	6,720
Net Revenues (Expenses)	-	1,830	4,074	143	-	-	(1,272)	4,775	4,635
Fund Balances,									
Beginning of Year	100,000	12,557	127,737	685	521	13,384	6,453	261,337	244,376
	100,000	14,387	131,811	828	521	13,384	5,181	266,112	249,011
Inter-fund transfer – general fund *	-	-	-	-	-	-	-	-	12,326
Fund Balances,									
End of Year	\$ 100,000	\$14,387	\$ 131,811 *	\$828	\$521	\$13,384	\$5,181	\$266,112	\$261,337

*includes principal of \$100,000 plus undistributed income of \$31,811

(See accompanying notes)
PREPARED WITHOUT AUDIT

**The Ottawa Field-Naturalists' Club
Notes to the Financial Statements
Year Ended September 30, 2015**

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"). Club 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 club only recognizes revenue from bequests if the will has been probated, 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 Canadian Field-Naturalist 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 investments. Interest on 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.
- (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 terms of 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

The Macoun Funds comprises 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. Under the terms of endowment agreement half of the interest generated by the fund is re-invested in the capital of the fund while the other half is credited to the Martha Camfield Memorial fund and made available for use by 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 have been combined 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 instruments at fair value upon initial recognition. The club's cash is subsequently measured at fair value. All other financial instruments are measured at amortized cost at the date of the financial statements.

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 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 those estimates.

Management makes accounting estimates in the determination of the club's potentially uncollectible amounts receivable and in the estimation of the club's accrued liabilities.

By their nature, these estimates are subject to uncertainty and the impact on the financial statements of the current future periods could be material.

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, 2015.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The club's maximum exposure to credit risk represents the carrying value of its cash, amounts receivable and investments totalling \$1,616,643 (2014 – \$863,427).

The club's cash is deposited with Canadian financial institutions. As a result, management believes the risk of loss on cash to be unlikely.

The company provides credit to authors of the Canadian Field-Naturalist publication in the normal course of operations. It carries out, on a continuing basis, a review of outstanding amounts and maintains a provision for uncollectible accounts. Management has established an allowance for doubtful amounts receivable at September 30, 2015 of \$1,500 (2014 – \$nil) that represents management's best estimate of potentially uncollectible accounts.

Investments primarily consist of provincial bonds backed by provincial governments and guaranteed investment certificates issued by 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 \$2,500 (2014 – \$9,000) of club's cash is denominated in U.S. currency. However, the club primarily transacts in Canadian dollars and so management does not believe the club 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 club's exposure 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 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 14 years. The laddered structure of the 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 2.58% to 4.40% (2014 – 2.58% 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 associates 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. Investments

Short-term investments are comprised of:

	2015		2014
	Market Value	Amortized Cost	Amortized Cost
Province of New Brunswick (zero-coupon bond) – 4.30% yield due December 3, 2015	\$ 60,323	\$ 60,047	\$ –
Equitable Bank (GIC) – 1.45% due February 18, 2016	85,756	85,756	–
Matured in year	–	–	70,622
	<u>\$ 146,079</u>	<u>\$ 145,803</u>	<u>\$ 70,622</u>

Long-term investments are comprised of:

	2015		2014
	Market Value	Amortized Cost	Amortized Cost
Province of New Brunswick (zero-coupon bond) – 30% yield due December 3, 2015	\$ –	\$ –	\$ 60,315
Home Trust Company (GIC) – 2.40% due October 12, 2016	35,835	35,835	34,995
Ontario Hydro (zero-coupon bond) – 4.01% yield due November 26, 2016	28,028	27,643	27,103
Laurentian Bank (GIC) – 1.65% due February 21, 2017	101,009	101,009	–
Province of Ontario (zero-coupon bond) – 4.07% yield due December 2, 2017	56,122	52,623	50,565
Province of Ontario (zero-coupon bond) – 2.58% yield due December 2, 2018	69,199	66,147	64,483
National Bank of Canada (GIC) – 1.86% due February 19, 2019	40,455	40,455	–
Province of British Columbia (zero-coupon bond) – 3.74% yield due March 5, 2019	32,282	29,575	28,509
Royal Bank of Canada (GIC) – 2.51% due September 29, 2019	30,755	30,755	30,000
Newfoundland & Labrador (zero-coupon bond) – 4.36% yield due January 7, 2020	49,391	44,223	42,375
Home Trust Company (GIC) – 2.15% due February 18, 2020	50,657	50,657	–
Province of British Columbia (zero-coupon bond) – 3.26% yield due August 23, 2021	73,843	68,092	65,942
Nova Scotia Power (zero-coupon bond) – 2.80% yield due February 26, 2022	18,872	18,099	17,606
Province of Manitoba (zero-coupon bond) – 2.60% yield due September 5, 2022	36,347	35,465	34,568
Hydro Quebec (zero-coupon bond) – 3.12% yield due February 15, 2023	45,991	43,794	42,469

4. Investments (continued)

Long-term investments are comprised of:

	2015		2014
	Market Value	Amortized Cost	Amortized Cost
Province of Ontario (zero-coupon bond) – 2.90% yield due September 8, 2024	36,922	35,894	–
TD Bank (zero-coupon bond) – 2.93% yield due May 26, 2025	73,954	77,649	–
Province of Manitoba (zero-coupon bond) – 3.82% yield due September 5, 2025	56,058	50,823	48,953
Newfoundland & Labrador (zero-coupon bond) – 2.67% yield due February 27, 2026	63,389	65,384	–
Province of Ontario (zero-coupon bond) – 3.07% yield due June 2, 2026	38,005	36,798	–
Province of British Columbia (zero-coupon bond) – 2.71% yield due Dec 18, 2027	34,897	35,736	–
Bell Canada (zero-coupon bond) – 4.40% yield due May 1, 2029	49,599	51,691	–
	<u>\$ 1,021,610</u>	<u>\$ 998,347</u>	<u>\$ 547,883</u>

A portion of the club’s investments totalling \$37,622 (2014 – \$37,063) is restricted for endowment purposes. The club has not segregated and identified any particular investment as being held for endowment purposes. Rather, 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 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 memberships are no longer being offered by the club. As of September 30, 2015, there were 48 (2014 – 49) remaining lifetime members.

Fletcher Wildlife Garden

The club is committed to maintain the Fletcher Wildlife Garden, a 6.5 hectare property on the Central Experimental Farm in Ottawa, Ontario. The costs to maintain 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. Comparative Figures

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