

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, 2016 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 inquiry, 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 19, 2016

**The Ottawa Field-Naturalists’ Club  
Statement of Financial Position  
September 30, 2016**

	2016	2015
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 52,572	\$ 383,267
Short-term investments (note 4)	167,568	145,803
Amounts receivable	24,167	89,226
Prepaid expenses	721	1,079
	<u>245,028</u>	<u>619,375</u>
LONG-TERM INVESTMENTS (note 4)	1,315,478	998,347
	<u>\$1,560,506</u>	<u>\$1,617,722</u>
<b>LIABILITIES AND FUND BALANCES</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$5,120	\$2,755
Deferred revenue	14,927	12,481
	<u>20,047</u>	<u>15,236</u>
FUND BALANCES		
General fund	1,256,548	1,298,752
Internally restricted funds	245,847	266,112
Martha Camfield endowment fund	38,064	37,622
	<u>1,540,459</u>	<u>1,602,486</u>
	<u>\$1,560,506</u>	<u>\$1,617,722</u>

Approved by the Board:

..... 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, 2016**

	2016	2015
<b>REVENUES</b>		
Membership fees	\$ 28,596	\$ 28,243
Bequests	–	973,781
Donations	9,520	4,124
The Canadian Field-Naturalist		
– subscription revenue	17,203	22,255
– author charges	29,051	41,487
Pelee trip	21,628	–
Interest	34,998	21,943
Advertising	200	675
Gain on foreign exchange	1,183	2,408
Other	412	1,346
	<u>142,791</u>	<u>1,096,262</u>
<b>EXPENSES</b>		
<b>OPERATING:</b>		
Affiliation fees	401	422
Bookkeeping	4,405	2,424
Courier and postage	–	797
Insurance	1,751	1,728
Interest and bank charges	1,036	1,379
Membership	1,411	1,201
Professional fees	4,350	2,723
Website	2,100	2,000
General and miscellaneous	918	2,237
	<u>16,372</u>	<u>14,911</u>
<b>ACTIVITY:</b>		
The Canadian Field-Naturalist	53,642	76,857
Fletcher Wildlife Garden	14,126	6,010
Awards committee	185	523
Soiree – net	1,071	518
Birds committee	3,135	5,554
Donations	16,100	214,500
Education and publicity	10,391	11,441
Excursions and lectures	737	136
Macoun Club	358	137
Pelee trip	20,457	–
Trail and Landscape	11,591	8,059
Research grants	13,735	11,369
	<u>145,528</u>	<u>335,104</u>
<b>TOTAL EXPENSES</b>	<u>161,900</u>	<u>350,015</u>
<b>EXCESS (DEFICIENCY) OF REVENUE</b>		
<b>OVER EXPENSES</b>	(19,109)	746,247
<b>FUND BALANCE,</b>		
<b>BEGINNING OF YEAR</b>	<u>1,298,752</u>	<u>552,505</u>
	1,279,643	1,298,752
Inter-fund transfer –		
internally restricted funds	<u>(23,095)</u>	<u>–</u>
<b>FUND BALANCE,</b>		
<b>END OF YEAR</b>	<u>\$ 1,256,548</u>	<u>\$ 1,298,752</u>

**The Ottawa Field-Naturalists' Club**  
**Statement of Changes in Fund Balance – Martha**  
**Camfield Endowment Fund**  
**Year Ended September 30, 2016**

	2016	2015
<b>FUND BALANCE,</b>		
<b>BEGINNING OF YEAR</b>	\$ 37,622	\$ 37,063
Interest earned	<u>442</u>	<u>559</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 38,064</u>	<u>\$ 37,622</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, 2016**

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Net revenue (expenses) – all funds	\$(62,469)	\$ 751,022
Adjustments for:		
Investments – amortization of bond discounts	(25,377)	(18,095)
– interest accrual on GIC's	(12,250)	(4,965)
– donated securities	(1,002)	–
– gain on sale of investments	(17)	–
Change in the level of:		
Amounts receivable	65,059	(72,424)
Prepaid expenses	358	2,734
Accounts payable and accrued liabilities	2,365	(627)
Deferred revenue	<u>2,446</u>	<u>(472)</u>
	<u>(30,887)</u>	<u>657,173</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(447,501)	(723,905)
Proceeds from sale and maturity of investments	<u>147,251</u>	<u>221,320</u>
	<u>(300,250)</u>	<u>(502,585)</u>
<b>Cash Flows from Financing Activities</b>		
Endowment interest earned	<u>442</u>	<u>559</u>
<b>Increase (Decrease) in Cash</b>	<u>(330,695)</u>	<u>155,147</u>
<b>Cash at Beginning of Year</b>	<u>383,267</u>	<u>228,120</u>
<b>Cash at End of Year</b>	<u>\$ 52,572</u>	<u>\$ 383,267</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, 2016**

	General Reserve for Contingencies	Fletcher Wildlife Garden Fund	Manning Fund	Seedathon Fund	Ann Hanes Memorial Fund	De Kiriline Lawrence Fund	Macoun Funds	2016 Total	2015 Total
<b>Revenues</b>									
Donations and bequests	\$ -	\$ 1,647	\$ -	\$ 607	\$ -	\$ -	\$ -	\$ 2,254	\$ 3,808
Fundraising	-	4,875	-	-	-	-	-	4,875	4,866
Interest	-	-	3,095	-	-	-	442	3,537	4,408
	-	6,522	3,095	607	-	-	442	10,666	13,082
<b>Expenses</b>									
Habitats	-	51,689	-	-	-	-	-	51,689	4,656
Fundraising	-	671	-	-	-	-	-	671	525
Seed	-	-	-	1,140	-	-	-	1,140	1,295
Other	-	-	-	-	-	-	526	526	1,831
	-	52,360	-	1,140	-	-	526	54,026	8,307
<b>Net Revenues (Expenses)</b>	-	(45,838)	3,095	(533)	-	-	(84)	(43,360)	4,775
<b>Fund Balances, Beginning of Year</b>	100,000	14,387	131,811	828	521	13,384	5,181	266,112	261,337
	100,000	(31,451)	134,906	295	521	13,384	5,097	222,752	266,112
<b>Inter-Fund Transfers – General*</b>	-	46,711	(23,616)	-	-	-	-	23,095	-
<b>Fund Balances, End of Year</b>	\$ 100,000	\$ 15,260	\$111,290	\$ 295	\$ 521	\$ 13,384	\$ 5,097	\$245,847	\$266,112

\*\$46,711 was transferred from the general fund to cover the pond rehabilitation costs.  
\$23,616 was transferred to the general fund to cover a portion of the author charges relating to the Canadian Field-Naturalist for the last two years.

(See accompanying notes)  
PREPARED WITHOUT AUDIT

## The Ottawa Field-Naturalists' Club Notes to the Financial Statements Year Ended September 30, 2016

### 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, 2016.

*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 \$1,559,785 (2015 – \$1,616,643).

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, 2016 of \$3,100 (2015 – \$1,500) 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.

*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 \$5,000 (2015 – \$2,500) 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 1.65% to 4.40% (2015 – 2.58% to 4.40%).

4. Investments

Short-term investments are comprised of:

Guaranteed investment certificates  
Bonds

Long-term investments are comprised of:  
Guaranteed investment certificates  
Bonds

A portion of the club’s investments totalling \$38,064 (2015 – \$37,622) are 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 offered by the club. As of September 30, 2016, there were 48 (2015 – 48) remaining lifetime members.

(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.

	2016		2015
	Market Value	Amortized Cost	Amortized Cost
Guaranteed investment certificates	\$ 139,378	\$139,378	\$ 85,756
Bonds	28,252	28,190	60,047
	<u>\$ 167,630</u>	<u>\$167,568</u>	<u>\$ 145,803</u>
Long-term investments are comprised of:			
Guaranteed investment certificates	\$ 492,107	\$492,107	\$ 438,467
Bonds	867,589	823,371	559,880
	<u>\$1,359,696</u>	<u>\$1,315,478</u>	<u>\$ 998,347</u>

Ottawa-Carleton District School Board (OCDSB)  
Outdoor Education Centres

The club has made a commitment to donate \$5,000 annually from 2016 to 2020 to the OCDSB with the expressed purpose of supporting the OCDSB Outdoor Education Centres (Bill Mason & MacSkimming Centres). The primary goal of the commitment is to enable more students that do not otherwise have the financial means to spend time at the Outdoor Education Centres and to provide learning opportunities and experiences that will allow students to better understand their natural world.

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 club relies on the voluntary contributions from club officers and members in order to fulfill this commitment. As described in note 2, the fair value of 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.