

Financial Statements of

**BIRD STUDIES CANADA/  
ÉTUDES D'OISEAUX CANADA**

Year ended March 31, 2015



**KPMG LLP**  
115 King Street South  
2<sup>nd</sup> Floor  
Waterloo ON N2J 5A3

Telephone 519-747-8800  
Fax 519-747-8830  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To The Members of Bird Studies Canada/Études d'Oiseaux Canada

We have audited the accompanying financial statements of Bird Studies Canada/Études d'Oiseaux Canada, which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bird Studies Canada/Études d'Oiseaux Canada as at March 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

August 11, 2015  
Waterloo, Canada

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

## Statement of Financial Position

March 31, 2015, with comparative information for 2014

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
Current assets:								
Cash and term deposits	704,895	50	20,781	14,600	18,242	65,822	824,390	408,021
Accounts receivable (note 2)	715,664	955	83,987	18,627	-	-	819,233	1,060,814
Prepaid expenses	48,291	-	-	-	-	-	48,291	43,339
	1,468,850	1,005	104,768	33,227	18,242	65,822	1,691,914	1,512,174
Investments (note 3)	-	4,745,174	-	-	-	-	4,745,174	4,536,269
Property, buildings and equipment (note 4)	-	-	1,562,906	-	-	-	1,562,906	1,635,673
	1,468,850	4,746,179	1,667,674	33,227	18,242	65,822	7,999,994	7,684,116
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable and accrued liabilities (note 5)	425,836	-	-	-	7,212	1,400	434,448	331,711
Deferred revenue (note 6)	658,015	-	-	-	-	-	658,015	712,367
	1,083,851	-	-	-	7,212	1,400	1,092,463	1,044,078
Fund balances:								
Invested in capital assets	-	-	1,462,906	-	-	-	1,462,906	1,535,673
Externally restricted	-	2,739,329	100,000	-	-	64,422	2,903,751	2,749,126
Internally restricted	-	2,006,850	104,768	33,227	-	-	2,144,845	2,017,545
Unrestricted	384,999	-	-	-	11,030	-	396,029	337,694
	384,999	4,746,179	1,667,674	33,227	11,030	64,422	6,907,531	6,640,038
Contingencies (note 7)								
	1,468,850	4,746,179	1,667,674	33,227	18,242	65,822	7,999,994	7,684,116

See accompanying notes to financial statements.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

## Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>								
Fees	234,356	-	-	-	-	-	234,356	233,291
Donations	296,869	-	121,000	500	1,500	-	419,869	408,986
Fundraising	318,740	-	-	-	-	-	318,740	300,364
Other	86,944	-	-	-	-	-	86,944	92,750
Research and conservation	4,185,640	-	-	-	-	461	4,186,101	3,827,450
Bank interest and exchange	(2,910)	42	100	96	89	139	(2,444)	4,118
Investment income	95,831	34,990	-	986	35,031	-	166,838	167,116
Gain (loss) on sale of investments	(33,794)	-	-	(348)	(24,707)	-	(58,849)	41,905
Gain (loss) on disposal of property, buildings and equipment	-	-	(1,659)	-	-	-	(1,659)	550
	5,181,676	35,032	119,441	1,234	11,913	600	5,349,896	5,076,530
<b>Expenses:</b>								
Administration	375,696	5,113	-	146	5,114	-	386,069	359,263
Fundraising	192,522	-	-	-	-	-	192,522	179,411
Membership services	239,521	-	-	-	-	-	239,521	230,509
Other	-	-	-	-	1,000	2	1,002	1,002
Research and conservation	4,339,432	-	-	-	20,781	-	4,360,213	4,036,988
Amortization of buildings and equipment	-	-	154,537	-	-	-	154,537	161,179
Grants	-	-	-	21,300	-	-	21,300	19,900
	5,147,171	5,113	154,537	21,446	26,895	2	5,355,164	4,988,252
<b>Excess (deficiency) of revenue over expenses before the undernoted</b>	34,505	29,919	(35,096)	(20,212)	(14,982)	598	(5,268)	88,278
<b>Change in fair value of investments</b>	-	272,761	-	-	-	-	272,761	165,924
<b>Excess (deficiency) of revenue over expenses before interfund transfers</b>	34,505	302,680	(35,096)	(20,212)	(14,982)	598	267,493	254,202

See accompanying notes to financial statements.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

## Statement of Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year	335,554	4,537,278	1,665,416	34,426	2,140	65,224	6,640,038	6,385,836
Excess (deficiency) of revenue over expenses	34,505	302,680	(35,096)	(20,212)	(14,982)	598	267,493	254,202
Interfund transfers (note 8)	139,541	75,821	37,354	19,505	30,582	-	302,803	517,508
Interfund transfers (note 8)	(124,601)	(169,600)	-	(492)	(6,710)	(1,400)	(302,803)	(517,508)
Net interfund transfers	14,940	(93,779)	37,354	19,013	23,872	(1,400)	-	-
Fund balances, end of year	384,999	4,746,179	1,667,674	33,227	11,030	64,422	6,907,531	6,640,038

See accompanying notes to financial statements.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided by (used in):								
Operating activities:								
Excess (deficiency) of revenue over expenses	34,505	302,680	(35,096)	(20,212)	(14,982)	598	267,493	254,202
Items not involving cash:								
Amortization of property, buildings and equipment	-	-	154,537	-	-	-	154,537	161,179
Loss (gain) on disposal of property, buildings and equipment	-	-	1,659	-	-	-	1,659	(550)
Change in fair value of investments	-	(272,761)	-	-	-	-	(272,761)	(165,924)
Change in non-cash operating working capital balances:								
Accounts receivable	312,828	(34)	(70,970)	(243)	-	-	241,581	62,399
Prepaid expenses	(4,952)	-	-	-	-	-	(4,952)	(556)
Accounts payable and accrued liabilities	122,097	-	(3,844)	-	(8,801)	(6,715)	102,737	(5,335)
Deferred revenue	(54,352)	-	-	-	-	-	(54,352)	20,090
	410,126	29,885	46,286	(20,455)	(23,783)	(6,117)	435,942	325,505
Investing:								
Sale (purchase) of investments	-	63,856	-	-	-	-	63,856	(167,225)
Proceeds of disposition of property, buildings and equipment	-	-	-	-	-	-	-	550
Purchase of property, buildings and equipment	-	-	(83,429)	-	-	-	(83,429)	(90,476)
	-	63,856	(83,429)	-	-	-	(19,573)	(257,151)
Increase (decrease) in cash	410,126	93,741	(37,143)	(20,455)	(23,783)	(6,117)	416,369	68,354
Cash, beginning of year	279,829	88	20,570	16,042	18,153	73,339	408,021	339,667
Net interfund transfers	14,940	(93,779)	37,354	19,013	23,872	(1,400)	-	-
Cash, end of year	704,895	50	20,781	14,600	18,242	65,822	824,390	408,021
Cash is defined as:								
Cash and term deposits	704,895	50	20,781	14,600	18,242	65,822	824,390	408,021

See accompanying notes to financial statements.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements

Year ended March 31, 2015

---

Bird Studies Canada/Études d'Oiseaux Canada (BSC) (the "Organization") is incorporated without share capital under the laws of the province of Ontario. The mission of BSC is to advance and encourage the wider understanding, appreciation and conservation of wild birds and their habitats, in Canada and elsewhere, through studies using the skills, enthusiasm and support of its members, volunteers, staff and the interested public.

The Organization is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

## **1. Summary of significant accounting policies and reporting practices:**

The financial statements have been prepared by management in accordance with Part III of the Chartered Professional Accountants of Canada Handbook - Canadian accounting standards for not-for-profit organizations.

### (a) Fund accounting:

BSC follows the restricted fund method of accounting for contributions. The purpose of the funds is as follows:

#### (i) Operating Fund:

The Operating Fund accounts for the Organization's program and administrative activities. The fund reports unrestricted resources and restricted operating program grants.

#### (ii) Endowment Fund:

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund subject to externally imposed restrictions is reported in the accounts of this fund.

#### (iii) Capital Fund:

The Capital Fund reports the assets, liabilities, revenue and expenses related to BSC property, buildings and equipment.



# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

---

## 1. Summary of significant accounting policies and reporting practices (continued):

### (a) Fund accounting (continued):

#### (iv) Baillie Fund:

The James L. Baillie Memorial Fund (Baillie Fund) reports the assets, liabilities, revenue and expenses related to the Baillie Fund. The fund provides grants to individuals or groups for projects that relate to the dissemination of knowledge, contribution to the preservation of Canadian birds and the study of their natural environment.

#### (v) Tarry Fund:

The Doug Tarry Natural History Fund (Tarry Fund) reports the assets, liabilities, revenue and expenses related to the Tarry Fund. The fund provides educational support to students with respect to the study of Canadian birds.

#### (vi) Murre Fund:

The Murre Fund reports the assets, liabilities, revenue and expenses related to the Murre Fund. The fund provides grants to individuals or groups that relate to the preservation of Murre habitat.

### (b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

## 1. Summary of significant accounting policies and reporting practices (continued):

### (c) Property, buildings and equipment:

Property, buildings and equipment are recorded at cost. Amortization is provided using the following method and annual rates:

Asset	Basis	Rate
Headquarters buildings	Straight-line	25 years
Old Cut field station and visitor centre	Straight-line	20 years
Remote Long Point field stations	Straight-line	10 years
Kiosks, barn and lab	Straight-line	5 years
Vehicles	Straight-line	5 years
Equipment	Straight-line	10 years
Network, computers and equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Lease term

When property, buildings and equipment no longer contribute to BSC's ability to provide services, their carrying amount is written down to their residual value.

### (d) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year pledged if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment and investment income subject to externally imposed restrictions are recognized as revenue in the Endowment Fund.

Other restricted income is recognized in the fund to which it relates.

### (e) Use of estimates:

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of property, buildings and equipment, accounts payable and accrued liabilities and valuation allowances for receivables. Actual results could differ from those estimates.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

## 1. Summary of significant accounting policies and reporting practices (continued):

### (f) Donated materials and services:

Donated materials and services, which would otherwise be paid by the Organization, are recorded at fair value when determinable. A substantial number of volunteers have made significant contributions of their time to the Organization's program and support services. The value of this contributed time is not reflected in these statements.

### (g) Deferred revenue:

Program grants received before the statement of financial position date, for programs to be completed for periods after the statement of financial position date, are deferred to the following year and disclosed as deferred revenue on the statement of financial position.

## 2. Accounts receivable:

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Trade	707,052	-	-	-	-	-	707,052	1,001,862
Due from Operating	-	955	83,987	18,627	-	-	103,569	30,980
Due from Capital	-	-	-	-	-	-	-	3,844
Due from Tarry	7,212	-	-	-	-	-	7,212	16,013
Due from Murre	1,400	-	-	-	-	-	1,400	8,115
	715,664	955	83,987	18,627	-	-	819,233	1,060,814

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

### 3. Investments:

Investments consist of:

	2015		2014	
	Market value	Cost	Market value	Cost
Endowment fund:				
Quoted shares	\$ 2,839,623	\$ 1,688,635	\$ 2,744,734	\$ 1,832,771
Fixed income	1,413,975	1,324,265	1,241,000	1,184,249
Cash and money market	491,576	491,576	550,535	550,535
	<u>\$ 4,745,174</u>	<u>\$ 3,504,476</u>	<u>\$ 4,536,269</u>	<u>\$ 3,567,555</u>

	2015		2014	
Fund allocation based on market value is as follows:				
Baillie account		\$ 27,889		\$ 26,649
Tarry account		1,950,902		1,831,875
Long Point Bird Observatory account		868,765		847,387
Long Point Waterfowl and Wetlands:				
Research Fund account		818,673		782,607
Building		324,667		325,688
General account		754,278		722,063
		<u>\$ 4,745,174</u>		<u>\$ 4,536,269</u>

The fixed income investments have a weighted average effective interest rate of 3.06% (2014 - 3.84%) and a weighted average term to maturity of 3.95 years (2014 - 3.31). It is the Organization's policy to only invest in debt of counterparties with quality ratings of A or better.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

## 4. Property, buildings and equipment:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Headquarters land	\$ 216,000	\$ -	\$ 216,000	\$ 216,000
Headquarters buildings	1,927,101	968,987	958,114	1,033,899
Old Cut property	82,701	-	82,701	82,701
Old Cut field station and visitor centre	191,842	146,876	44,966	48,508
Remote Long Point field stations	153,749	136,077	17,672	20,070
Vehicles	330,802	263,292	67,510	79,381
Network, computers and equipment	470,237	434,703	35,534	49,905
Kiosks	185,938	185,938	-	2,028
Leasehold improvements	252,533	112,124	140,409	103,181
Barn and lab	135,521	135,521	-	-
	<b>\$ 3,946,424</b>	<b>\$ 2,383,518</b>	<b>\$ 1,562,906</b>	<b>\$ 1,635,673</b>

## 5. Accounts payable and accrued liabilities:

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and accrued liabilities	322,267	-	-	-	-	-	322,267	272,759
Due to Operating	-	-	-	-	7,212	1,400	8,612	27,972
Due to Endowment	955	-	-	-	-	-	955	921
Due to Capital	83,987	-	-	-	-	-	83,987	11,675
Due to Baillie	18,627	-	-	-	-	-	18,627	18,384
	<b>425,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,212</b>	<b>1,400</b>	<b>434,448</b>	<b>331,711</b>

## 6. Deferred revenue:

This account represents money that was invoiced or received in the current year which will be expended on projects in the subsequent year.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2015

---

## 7. Contingencies:

BSC has a 99 year agreement with the Ontario Heritage Foundation to maintain and preserve the headquarters' property in a manner as outlined in the agreement. If breached, BSC will be required to return a \$100,000 grant received from the Foundation during 1995 to assist in the purchase of this property.

## 8. Interfund transfers and internally restricted fund balances:

In fiscal 2007, the Board of Directors, consistent with the terms of the endowment, authorized the segregation of \$300,000 of internally restricted funds for the Capital Fund. Investment income and capital gains from the \$300,000 are to be used to fund maintenance of the capital assets and operations of the headquarters building.

During the year, \$169,600 was transferred from the Endowment Fund:

- \$138,141 into the Operating Fund to cover \$26,134 of budgeted expenses of the Long Point Waterfowl and Wetlands Research Fund and \$112,007 for operational expenses
- \$30,582 into the Tarry Fund to fund the annual Young Ornithologists Workshop
- \$877 into the Baillie Fund to fund annual Baillie Fund Grants

During the year, \$55,981 was transferred from the Operating Fund:

- \$37,354 into the Capital Fund to purchase capital assets
- \$18,627 in proceeds from the Birdathon was transferred to the Baillie Fund to provide grants to individuals or groups for projects that relate to the dissemination of knowledge, contribution to the preservation of Canadian birds and the study of their natural environment

## 9. Financial risks:

### (a) Currency risk:

The Organization transacted minimal amounts in foreign currency and, therefore, has limited exposure to foreign exchange fluctuations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Management has determined that no allowance for doubtful accounts is required at March 31, 2015.

# **BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA**

Notes to Financial Statements, continued

Year ended March 31, 2015

---

## **9. Financial risks (continued):**

### (c) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

### (d) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in note 3.

## **10. Long Point Waterfowl and Wetlands Research Fund (“LPWWRF”):**

LPWWRF is dedicated primarily to the study and conservation of waterfowl and wetlands throughout the Great Lakes region. BSC has administered LPWWRF activities for a fee through sequential agreements. In November 2014, BSC exercised its option to terminate its service provision to LPWWRF with a notice period until December 31, 2015. BSC intends to transfer all assets it manages that are associated with the LPWWRF to the newly incorporated organization in a timely manner that is mutually agreeable to both parties.