

Financial Statements of

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

(Operating as Birds Canada/Oiseaux Canada)

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Bird Studies Canada/Études d'Oiseaux Canada (the Organization), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of changes in endowment fund for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and its results of operations, its fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
September 29, 2022

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Financial Position

March 31, 2022, with comparative information for 2021

| | Operating Fund | Endowment Fund | Capital Fund | Baillie Fund | Tarry Fund | Murre Fund | Miller Fund | Love & Friends Fund | 2022 | 2021 |
|---|----------------|----------------|--------------|--------------|------------|------------|-------------|---------------------|------------|------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and term deposits | 1,549,113 | 10,050 | 24,796 | 8,272 | 18,925 | 6,462 | – | – | 1,617,618 | 715,333 |
| Accounts receivable (note 2) | 1,429,640 | – | – | – | – | – | – | – | 1,429,640 | 1,638,677 |
| Prepaid expenses | 181,011 | – | – | – | – | – | – | – | 181,011 | 46,605 |
| Property and building held for sale (note 10) | – | – | 315,000 | – | – | – | – | – | 315,000 | – |
| | 3,159,764 | 10,050 | 339,796 | 8,272 | 18,925 | 6,462 | – | – | 3,543,269 | 2,400,615 |
| Investments (note 3) | – | 6,679,283 | – | – | – | – | – | – | 6,679,283 | 6,588,525 |
| Property, buildings and equipment (note 4) | – | – | 1,077,838 | – | – | – | – | – | 1,077,838 | 1,063,217 |
| | 3,159,764 | 6,689,333 | 1,417,634 | 8,272 | 18,925 | 6,462 | – | – | 11,300,390 | 10,052,357 |
| Liabilities and Fund Balances | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities (note 5) | 801,467 | – | 6,067 | – | – | – | – | – | 807,534 | 728,071 |
| Interfund payable (receivable) | 43,392 | 28,838 | (15,195) | (15,123) | (41,912) | – | – | – | – | – |
| Deferred revenue (note 6) | 1,407,562 | – | – | – | – | – | – | – | 1,407,562 | 971,969 |
| | 2,252,421 | 28,838 | (9,128) | (15,123) | (41,912) | – | – | – | 2,215,096 | 1,700,040 |
| Fund balances: | | | | | | | | | | |
| Invested in capital assets | – | – | 1,292,838 | – | – | – | – | – | 1,292,838 | 963,217 |
| Externally restricted | – | 4,665,849 | 100,000 | – | – | 6,462 | – | – | 4,772,311 | 4,622,139 |
| Internally restricted | – | 1,994,646 | 33,924 | 23,395 | – | – | – | – | 2,051,965 | 2,102,848 |
| Unrestricted | 907,343 | – | – | – | 60,837 | – | – | – | 968,180 | 664,113 |
| | 907,343 | 6,660,495 | 1,426,762 | 23,395 | 60,837 | 6,462 | – | – | 9,085,294 | 8,352,317 |
| Contingencies (note 7) | | | | | | | | | | |
| Subsequent event (note 10) | | | | | | | | | | |
| | 3,159,764 | 6,689,333 | 1,417,634 | 8,272 | 18,925 | 6,462 | – | – | 11,300,390 | 10,052,357 |

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

| | Operating Fund | Endowment Fund | Capital Fund | Baillie Fund | Tarry Fund | Murre Fund | Miller Fund | Love & Friends Fund | 2022 | 2021 |
|---|----------------|----------------|----------------|-----------------|---------------|------------|---------------|---------------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue: | | | | | | | | | | |
| Fees | 82,382 | – | – | – | – | – | – | – | 82,382 | 89,597 |
| Donations | 1,035,509 | – | – | 500 | – | – | – | 10,875 | 1,046,884 | 820,548 |
| Fundraising | 219,823 | – | – | – | – | – | – | – | 219,823 | 208,848 |
| Other | 47,501 | 2,219 | – | – | – | – | – | – | 49,720 | 187,978 |
| Research and conservation | 6,652,767 | – | – | – | – | – | – | – | 6,652,767 | 5,260,807 |
| Bank interest and exchange (expense) | 11,279 | – | – | – | – | 13 | – | – | 11,292 | 408 |
| Contribution of property and building (note 10) | – | – | 315,000 | – | – | – | – | – | 315,000 | – |
| Investment income | 83,529 | 27,621 | – | 1,411 | 40,734 | – | 33,000 | 721 | 187,016 | 232,249 |
| Change in fair value of investments: | | | | | | | | | | |
| Gain on sale of investments | 115,632 | 56,390 | – | 1,954 | 56,390 | – | 45,682 | 998 | 277,046 | 248,763 |
| Unrealized gains (losses) on investments | – | (62,491) | – | – | – | – | – | – | (62,491) | 819,913 |
| | 8,248,422 | 23,739 | 315,000 | 3,865 | 97,124 | 13 | 78,682 | 12,594 | 8,779,439 | 7,869,111 |
| Expenses: | | | | | | | | | | |
| Administration | 651,688 | – | – | 100 | – | – | – | – | 651,788 | 551,583 |
| Fundraising | 345,436 | – | 12,720 | – | – | – | – | – | 358,156 | 223,583 |
| Membership services | 585,453 | – | – | – | – | – | – | – | 585,453 | 656,996 |
| Other | – | – | – | – | 1,000 | – | – | 18 | 1,018 | 1,000 |
| Research and conservation | 6,217,486 | – | – | – | 17,706 | – | – | – | 6,235,192 | 5,150,931 |
| Amortization of buildings and equipment | – | – | 156,373 | – | – | – | – | – | 156,373 | 136,094 |
| Foreign exchange loss | 8,704 | – | – | – | – | – | – | – | 8,704 | 55,371 |
| Grants | – | – | – | 22,100 | – | – | – | – | 22,100 | 20,500 |
| Investment fees | 11,552 | – | – | 195 | 11,267 | – | 4,564 | 100 | 27,678 | 26,395 |
| | 7,820,319 | – | 169,093 | 22,395 | 29,973 | – | 4,564 | 118 | 8,046,462 | 6,822,453 |
| Excess (deficiency) of revenue over expenses | 428,103 | 23,739 | 145,907 | (18,530) | 67,151 | 13 | 74,118 | 12,476 | 732,977 | 1,046,658 |

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

| | Operating Fund | Endowment Fund | Capital Fund | Baillie Fund | Tarry Fund | Murre Fund | Miller Fund | Love & Friends Fund | 2022 | 2021 |
|--|----------------|----------------|--------------|--------------|------------|------------|-------------|---------------------|-------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Fund balance, beginning of year | 623,105 | 6,540,122 | 1,109,861 | 31,772 | 41,008 | 6,449 | – | – | 8,352,317 | 7,305,659 |
| Excess (deficiency) of revenue over expenses | 428,103 | 23,739 | 145,907 | (18,530) | 67,151 | 13 | 74,118 | 12,476 | 732,977 | 1,046,658 |
| Interfund transfers (note 8) | 411,822 | 546,990 | 170,994 | 13,323 | 38,534 | – | – | – | 1,181,663 | 827,669 |
| Interfund transfers (note 8) | (555,687) | (450,356) | – | (3,170) | (85,856) | – | (74,118) | (12,476) | (1,181,663) | (827,669) |
| Net interfund transfers | (143,865) | 96,634 | 170,994 | 10,153 | (47,322) | – | (74,118) | (12,476) | – | – |
| Fund balances, end of year | 907,343 | 6,660,495 | 1,426,762 | 23,395 | 60,837 | 6,462 | – | – | 9,085,294 | 8,352,317 |

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Changes in Endowment Fund

Year ended March 31, 2022, with comparative information for 2021

| | Operating Fund | Capital Fund | Baillie Fund | Tarry Fund | Miller Fund | Love & Friends Fund | Interfund payable, net of cash and deposits | 2022 | 2021 |
|--|-------------------|-----------------|-----------------|------------------|------------------|------------------------|--|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Endowment fund balance, beginning of year | 2,695,196 | 179,903 | 44,071 | 2,454,727 | 1,178,628 | 36,000 | (48,403) | 6,540,122 | 5,569,935 |
| Excess of revenue over expenses | (46,615) | 17,772 | (598) | (21,088) | (11,101) | (861) | 86,230 | 23,739 | 915,322 |
| Interfund transfer within endowment fund | (1,062) | – | – | – | – | – | 1,062 | – | – |
| Interfund transfers (note 8) | 371,370 | – | 3,170 | 85,856 | 74,118 | 12,476 | – | 546,990 | 414,499 |
| Interfund transfers (note 8) | (411,822) | – | – | (38,534) | – | – | – | (450,356) | (359,634) |
| Endowment fund balance, end of the year | 2,607,067 | 197,675 | 46,643 | 2,480,961 | 1,241,645 | 47,615 | 38,889 | 6,660,495 | 6,540,122 |

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

| | Operating Fund | Endowment Fund | Capital Fund | Baillie Fund | Tarry Fund | Murre Fund | Miller Fund | Love & Friends Fund | 2022 | 2021 |
|--|----------------|----------------|--------------|--------------|------------|------------|-------------|---------------------|-----------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash provided by (used in): | | | | | | | | | | |
| Operating activities: | | | | | | | | | | |
| Excess (deficiency) of revenue over expenses | 428,103 | 23,739 | 145,907 | (18,530) | 67,151 | 13 | 74,118 | 12,476 | 732,977 | 1,046,658 |
| Items not involving cash: | | | | | | | | | | |
| Amortization of buildings and equipment | – | – | 156,373 | – | – | – | – | – | 156,373 | 136,094 |
| Gain on disposal of capital assets | – | – | – | – | – | – | – | – | – | (933) |
| Change in fair value of investments | – | (214,555) | – | – | – | – | – | – | (214,555) | (1,068,676) |
| Contribution of property and building | – | – | (315,000) | – | – | – | – | – | (315,000) | – |
| Change in non-cash operating working capital balances: | | | | | | | | | | |
| Accounts receivable | 209,037 | – | – | – | – | – | – | – | 209,037 | (520,979) |
| Prepaid expenses | (134,406) | – | – | – | – | – | – | – | (134,406) | 46,556 |
| Interfund payable/receivable | 6,826 | (19,615) | 27,461 | 5,157 | (19,829) | – | – | – | – | – |
| Accounts payable and accrued liabilities | 94,204 | – | (14,741) | – | – | – | – | – | 79,463 | 523,921 |
| Deferred revenue | 435,593 | – | – | – | – | – | – | – | 435,593 | (165,927) |
| | 1,039,357 | (210,431) | – | (13,373) | 47,322 | 13 | 74,118 | 12,476 | 949,482 | (3,286) |
| Investing: | | | | | | | | | | |
| Net sale of investments | – | 123,797 | – | – | – | – | – | – | 123,797 | 195,766 |
| Proceeds on disposition of capital assets | – | – | – | – | – | – | – | – | – | 2,550 |
| Purchase of property, buildings and equipment | – | – | (170,994) | – | – | – | – | – | (170,994) | (146,739) |
| | – | 123,797 | (170,994) | – | – | – | – | – | (47,197) | 51,577 |
| Increase (decrease) in cash | 1,039,357 | (86,634) | (170,994) | (13,373) | 47,322 | 13 | 74,118 | 12,476 | 902,285 | 48,291 |
| Cash, beginning of year | 653,621 | 50 | 24,796 | 11,492 | 18,925 | 6,449 | – | – | 715,333 | 667,042 |
| Net interfund transfers | (143,865) | 96,634 | 170,994 | 10,153 | (47,322) | – | (74,118) | (12,476) | – | – |
| Cash, end of year | 1,549,113 | 10,050 | 24,796 | 8,272 | 18,925 | 6,462 | – | – | 1,617,618 | 715,333 |

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as “Birds Canada/Oiseaux Canada”)

Notes to Financial Statements, continued

Year ended March 31, 2022

Bird Studies Canada/Études d'Oiseaux Canada (the “Organization or BSC”) 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 to Endowment. Investment income earned on resources of the endowment fund 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.

(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.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

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

(a) Fund accounting (continued):

(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, groups or projects that relate to the preservation of Murre habitat.

(vii) Miller Fund:

The Miller Fund reports the assets, liabilities, revenue and expenses related to an endowment fund established in memory of Richard Graham Miller, to support senior scientist personnel costs and support students in training.

(viii) Love & Friends Fund:

The Love Family and Friends Fundraising Education Fund ("Love & Friends Fund") reports the assets, liabilities, revenue and expenses related to an endowment fund established to supplement the professional development associated with fundraising for BSC staff.

(b) 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 the contribution is received or can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue of the Endowment Fund and/or Love & Friends Fund in the year which the contributions are received. Investment income and realized gains/losses on sales of investments that are subject to externally imposed restrictions are allocated based on the investment distribution by fund held within the Endowment Fund. Unrealized gains and losses on investments are recognized in the Endowment Fund until the gains and losses are realized.

Revenue from research and conservation, fees, fundraising and other activities is recognized when the services are provided or the events have taken place.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

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

(c) 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 elected to carry fixed income investments 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.

(d) 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 laboratory | Straight-line | 10 years |
| Vehicles | Straight-line | 5 years |
| Equipment | Straight-line | 5 years |
| Leasehold Improvements | Straight-line | 10 years |
| Network, computers and equipment | Straight-line | 3 years |

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.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

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

(e) 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.

(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) 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.

(h) Asset held for sale:

Long-lived assets are classified by the Organization as an asset held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

2. Accounts receivable:

| | 2022 | 2021 |
|---------------------------------|--------------|--------------|
| Accounts receivable | \$ 1,429,640 | \$ 1,638,677 |
| Allowance for doubtful accounts | - | - |
| | \$ 1,429,640 | \$ 1,638,677 |

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

3. Investments:

Endowment Fund investments consist of:

| | 2022 | 2021 |
|------------------------|--------------|--------------|
| Fair value: | | |
| Canadian equities | \$ 2,390,217 | \$ 2,543,529 |
| US equities | 259,178 | 275,028 |
| International equities | 352,747 | 508,917 |
| Fixed income | 2,685,500 | 2,030,929 |
| Cash and money market | 389,256 | 545,886 |
| Preferred shares | 602,385 | 684,236 |
| | \$ 6,679,283 | \$ 6,588,525 |

The fixed income investments earn a rate of return ranging from 0.88% to 8% (2021 - 1% to 8%) and having maturities ranging from May 3, 2023 to December 1, 2028. It is the Organization's policy to only invest in debt of counterparties with quality ratings of A or better.

Investment income is allocated based on the following:

| | 2022 | 2021 |
|---|--------------|--------------|
| Investment distribution held within the Endowment Fund: | | |
| Baillie account | \$ 46,643 | \$ 44,071 |
| Tarry account | 2,660,357 | 2,550,110 |
| Long Point Bird Observatory account | 884,513 | 883,647 |
| Long Point Waterfowl and Welland Research Fund account | 996,031 | 969,843 |
| Building | 317,771 | 352,997 |
| General account | 620,409 | 626,158 |
| Miller Fund | 1,126,802 | 1,125,699 |
| Love & Friends Fund | 26,757 | 36,000 |
| | \$ 6,679,283 | \$ 6,588,525 |

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

4. Property, buildings and equipment:

| | | | 2022 | 2021 |
|--|--------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Headquarters land | \$ 216,000 | \$ – | \$ 216,000 | \$ 216,000 |
| Headquarters buildings | 1,993,162 | 1,502,100 | 491,062 | 567,438 |
| Old Cut property | 82,701 | – | 82,701 | 82,701 |
| Old Cut field station and visitor centre | 229,881 | 175,132 | 54,749 | 49,711 |
| Remote Long Point field stations | 195,415 | 161,337 | 34,078 | 12,825 |
| Vehicles | 255,264 | 252,774 | 2,490 | 4,652 |
| Network, computers and equipment | 686,614 | 493,916 | 192,698 | 129,890 |
| Kiosks | 185,939 | 185,939 | – | – |
| Barn and laboratory | 139,721 | 135,661 | 4,060 | – |
| | \$ 3,984,697 | \$ 2,906,859 | \$ 1,077,838 | \$ 1,063,217 |

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2022 are government remittances payable of \$140,122 (2021 - \$113,799).

6. Deferred revenue:

| | 2022 | 2021 |
|-------------------------------------|--------------|--------------|
| Balance, beginning of year end | \$ 971,969 | \$ 1,137,896 |
| Add: contributions received | 1,321,557 | 560,739 |
| Less: amounts recognized to revenue | (885,964) | (726,666) |
| Balance, end of year end | \$ 1,407,562 | \$ 971,969 |

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.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

8. Interfund transfers and internally restricted fund balances:

In fiscal 2006, the Board of Directors endowed \$300,000. Income from the internally endowed funds are to be used to fund maintenance of the capital assets and operations of the headquarters building.

During the year, \$450,356 was transferred from the Endowment Fund:

- \$411,822 into the Operating Fund to cover \$29,515 of budgeted expenses of the Long Point Waterfowl and Wetlands Research Fund and \$61,913 to support scientist personnel from the Miller Fund, \$138,016 for operational expenses and \$182,378 for estate donations.
- \$38,534 into the Tarry Fund to fund the annual Young Ornithologists Workshop

During the year, \$555,687 was transferred from the Operating Fund:

- \$170,994 into the Capital Fund to purchase capital assets.
- \$13,323 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.
- \$371,370 into the Endowment Fund

During the year, \$546,991 was transferred into the Endowment Fund:

- \$371,370 from the Operating Fund
- \$3,170 from the Baillie Fund
- \$85,856 from the Tarry Fund
- \$74,118 from the Miller Fund
- \$12,476 from the Love & Friends Fund

9. Operating line of credit:

At March 31, 2022, the Organization has an operating line of credit of \$300,000 bearing interest at bank prime rate plus 1.250%, secured by a general security agreement. No amounts were drawn at year end (2021 - \$Nil).

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

10. Contributed property and building and subsequent event:

During the year, the Organization received a donation of property and building. The donated property and building are recorded as property and building held for sale on the statement of financial position and a contribution of property and building on the statement of operations for its appraised value of \$315,000.

The property and building have been vacant since it was donated, and no amortization has been recorded as the property and building was not in use. The Organization has entered into an agreement during the year to sell the property and building with a closing date of August 25, 2022, which is subsequent to year end and accordingly the property and building have been classified as an asset held for sale on the statement of financial position.

11. Financial risks:

The Organization manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board. The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

(a) Currency risk:

The Organization's investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Organization's overall currency positions are monitored on a daily basis by the portfolio manager. Included in cash at year end is \$235,204 US (2021 - \$395,427 US).

(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 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.

(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.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2022

11. Financial risks (continued):

(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.

(e) Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Organization's operations and financial position is not known at this time. There remains uncertainty for the upcoming year regarding the aforementioned items. These impacts could include a decline in future cash flows, changes to the value of financial assets and liabilities, and the use of fund balances to sustain operations. An estimate of the financial effect of the pandemic on the Organization is not practicable at this time.

12. Comparative information:

Certain comparative information in the statement of operations has been reclassified from that previously presented to conform to the presentation used in these financial statements.