

Financial Statements of

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

Year ended March 31, 2017



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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, 2017, 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.



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

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, 2017, 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 30, 2017
Waterloo, Canada

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current assets:								
Cash and term deposits	608,765	50	24,010	19,196	18,325	61,929	732,275	679,144
Accounts receivable (note 2)	727,603	1,027	12,773	25,467	4,580	-	771,450	790,669
Prepaid expenses	75,776	-	-	-	-	-	75,776	54,007
	1,412,144	1,077	36,783	44,663	22,905	61,929	1,579,501	1,523,820
Investments (note 3)	-	5,068,910	-	-	-	-	5,068,910	4,804,383
Property, buildings and equipment (note 4)	-	-	1,240,488	-	-	-	1,240,488	1,510,790
	1,412,144	5,069,987	1,277,271	44,663	22,905	61,929	7,888,899	7,838,993
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities (note 5)	327,222	5,000	-	-	-	3,783	336,005	386,675
Deferred revenue (note 6)	646,884	-	-	-	-	-	646,884	555,677
	974,106	5,000	-	-	-	3,783	982,889	942,352
Fund balances:								
Invested in capital assets	-	-	1,140,488	-	-	-	1,140,488	1,410,790
Externally restricted	-	2,739,329	100,000	-	-	58,146	2,897,475	2,901,231
Internally restricted	-	2,325,658	36,783	44,663	-	-	2,407,104	2,135,321
Unrestricted	438,038	-	-	-	22,905	-	460,943	449,299
	438,038	5,064,987	1,277,271	44,663	22,905	58,146	6,906,010	6,896,641
Contingencies (note 7)								
	1,412,144	5,069,987	1,277,271	44,663	22,905	61,929	7,888,899	7,838,993

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:								
Fees	251,765	-	-	-	-	-	251,765	238,246
Donations	350,204	-	1,625	2,100	-	-	353,929	511,493
Fundraising	361,217	-	-	-	-	-	361,217	361,837
Other	11,059	-	-	-	-	-	11,059	49,908
Research and conservation	3,571,874	-	-	-	-	-	3,571,874	4,070,307
Bank interest and exchange	(3,877)	20	48	36	37	27	(3,709)	9,667
Investment income	101,624	35,879	-	1,212	35,900	-	174,615	171,875
Gain on sale of investments	94,492	33,380	-	1,127	33,380	-	162,379	221,469
Gain (loss) on disposal of property, buildings and equipment	-	-	(2,708)	-	-	-	(2,708)	1,046
	4,738,358	69,279	(1,035)	4,475	69,317	27	4,880,421	5,635,848
Expenses:								
Administration	377,983	5,016	-	172	5,016	-	388,187	325,750
Fundraising	226,461	-	-	-	-	-	226,461	211,752
Membership services	282,517	-	-	-	-	-	282,517	260,387
Other	-	-	-	-	1,000	-	1,000	1,002
Research and conservation	3,806,935	-	-	-	25,628	783	3,833,346	4,187,039
Amortization of buildings and equipment	-	-	145,002	-	-	-	145,002	167,254
Grants	-	-	-	14,146	-	-	14,146	18,925
Write-down of property, building and equipment	-	-	159,204	-	-	-	159,204	-
	4,693,896	5,016	304,206	14,318	31,644	783	5,049,863	5,172,109
Excess (deficiency) of revenue over expenses before the undernoted	44,462	64,263	(305,241)	(9,843)	37,673	(756)	(169,442)	463,739
Change in fair value of investments	-	178,811	-	-	-	-	178,811	(474,629)
Excess (deficiency) of revenue over expenses before interfund transfers	44,462	243,074	(305,241)	(9,843)	37,673	(756)	9,369	(10,890)

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2017, with comparative information for 2016

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year	430,650	4,800,371	1,548,363	36,706	18,649	61,902	6,896,641	6,907,531
Excess (deficiency) of revenue over expenses	44,462	243,074	(305,241)	(9,843)	37,673	(756)	9,369	(10,890)
Interfund transfers (note 8)	212,005	261,394	34,149	19,967	30,847	-	558,362	867,225
Interfund transfers (note 8)	(249,079)	(239,852)	-	(2,167)	(64,264)	(3,000)	(558,362)	(867,225)
Net interfund transfers	(37,074)	21,542	34,149	17,800	(33,417)	(3,000)	-	-
Fund balances, end of year	438,038	5,064,987	1,277,271	44,663	22,905	58,146	6,906,010	6,896,641

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided by (used in):								
Operating activities:								
Excess (deficiency) of revenue over expenses	44,462	243,074	(305,241)	(9,843)	37,673	(756)	9,369	(10,890)
Items not involving cash:								
Amortization of buildings and equipment	-	-	145,002	-	-	-	145,002	167,254
Loss (gain) on disposal of property, buildings and equipment	-	-	2,708	-	-	-	2,708	(1,046)
Write-down of property, buildings and equipment	-	-	159,204	-	-	-	159,204	-
Change in fair value of investments	-	(178,811)	-	-	-	-	(178,811)	474,629
Change in non-cash operating working capital balances:								
Accounts receivable	22,033	(89)	963	532	(4,220)	-	19,219	28,564
Prepaid expenses	(21,769)	-	-	-	-	-	(21,769)	(5,716)
Accounts payable and accrued liabilities	(51,898)	-	-	-	-	1,228	(50,670)	(47,773)
Deferred revenue	91,207	-	-	-	-	-	91,207	(102,338)
	84,035	64,174	2,636	(9,311)	33,453	472	175,459	502,684
Investing:								
Purchase of investments	-	(85,716)	-	-	-	-	(85,716)	(533,838)
Proceeds of disposition of property, buildings and equipment	-	-	225	-	-	-	225	3,000
Purchase of property, buildings and equipment	-	-	(36,837)	-	-	-	(36,837)	(117,092)
	-	(85,716)	(36,612)	-	-	-	(122,328)	(647,930)
Increase (decrease) in cash	84,035	(21,542)	(33,976)	(9,311)	33,453	472	53,131	(145,246)
Cash, beginning of year	561,804	50	23,837	10,707	18,289	64,457	679,144	824,390
Net interfund transfers	(37,074)	21,542	34,149	17,800	(33,417)	(3,000)	-	-
Cash, end of year	608,765	50	24,010	19,196	18,325	61,929	732,275	679,144
Cash is defined as:								
Cash and term deposits	608,765	50	24,010	19,196	18,325	61,929	732,275	679,144

See accompanying notes to financial statements.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements

Year ended March 31, 2017

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, 2017

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, 2017

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 laboratory	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, 2017

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	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Trade	723,820	-	-	500	-	-	724,320	747,081
Due from Operating	-	1,027	12,773	19,967	4,580	-	38,347	36,033
Due from Endowment	-	-	-	5,000	-	-	5,000	5,000
Due from Tarry	-	-	-	-	-	-	-	-
Due from Murre	3,783	-	-	-	-	-	3,783	2,555
	727,603	1,027	12,773	25,467	4,580	-	771,450	790,669

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2017

3. Investments:

Investments consist of:

	2017		2016	
	Market value	Cost	Market value	Cost
Endowment Fund:				
Marketable securities	\$ 3,528,265	\$ 2,623,700	\$ 2,939,301	\$ 2,235,259
Fixed income	1,207,542	1,181,775	1,166,532	1,119,053
Cash and money market	333,103	333,103	698,550	698,550
	\$ 5,068,910	\$ 4,138,578	\$ 4,804,383	\$ 4,052,862

	2017		2016	
Fund allocation based on market value is as follows:				
Baillie account	\$	34,938	\$	31,619
Tarry account		2,039,696		1,876,771
Long Point Bird Observatory account		844,839		806,254
Long Point Waterfowl and Wetlands:				
Research Fund account		828,357		775,144
Building		323,918		293,145
General account		997,162		1,021,450
	\$	5,068,910	\$	4,804,383

The fixed income investments have a weighted average effective interest rate of 2.42% (2016 - 2.40%) and a weighted average term to maturity of 2.87 years (2016 - 3.59). 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, 2017

4. Property, buildings and equipment:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Headquarters land	\$ 216,000	\$ -	\$ 216,000	\$ 216,000
Headquarters buildings	1,927,101	1,120,103	806,998	882,329
Old Cut property	82,701	-	82,701	82,701
Old Cut field station and visitor centre	191,842	153,960	37,882	41,424
Remote Long Point field stations	165,303	142,019	23,284	16,989
Vehicles	295,176	250,125	45,051	70,801
Network, computers and equipment	393,250	364,678	28,572	37,323
Kiosks	185,938	185,938	-	-
Leasehold improvements	-	-	-	163,223
Barn and laboratory	135,521	135,521	-	-
	\$ 3,592,832	\$ 2,352,344	\$ 1,240,488	\$ 1,510,790

5. Accounts payable and accrued liabilities:

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and accrued liabilities	288,875	-	-	-	-	-	288,875	343,087
Due to Operating	-	-	-	-	-	3,783	3,783	2,555
Due to Endowment	1,027	-	-	-	-	-	1,027	938
Due to Capital	12,773	-	-	-	-	-	12,773	13,736
Due to Baillie	19,967	5,000	-	-	-	-	24,967	25,999
Due to Tarry	4,580	-	-	-	-	-	4,580	360
	327,222	5,000	-	-	-	3,783	336,005	386,675

Included in accounts payable and accrued liabilities as at March 31, 2017 are government remittances payable of \$69,505 (2016 - \$61,313).

6. Deferred revenue:

This account represents amounts that were 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, 2017

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, \$239,852 was transferred from the Endowment Fund:

- \$209,005 into the Operating Fund to cover \$25,481 of budgeted expenses of the Long Point Waterfowl and Wetlands Research Fund and \$183,524 for operational expenses
- \$30,847 into the Tarry Fund to fund the annual Young Ornithologists Workshop

During the year, \$54,116 was transferred from the Operating Fund:

- \$34,149 into the Capital Fund to purchase capital assets
- \$19,967 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

During the year, \$261,394 was transferred into the Endowment Fund from the Operating Fund (\$194,963), Baillie fund (\$2,167), and Tarry Fund (\$64,264).

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

Notes to Financial Statements, continued

Year ended March 31, 2017

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, 2017.

(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.

(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.