

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, 2020



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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, 2020
- the statement of operations for the year then ended
- the statement of changes in fund balances 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, 2020, 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.

### ***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.

- 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.



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- 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'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
September 25, 2020

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>									
Current assets:									
Cash and term deposits	513,646	41,718	24,780	16,579	18,913	51,406	–	667,042	909,422
Accounts receivable (note 2)	1,117,698	–	–	–	–	–	–	1,117,698	1,294,598
Prepaid expenses	93,161	–	–	–	–	–	–	93,161	54,950
	1,724,505	41,718	24,780	16,579	18,913	51,406	–	1,877,901	2,258,970
Investments (note 3)	–	5,715,615	–	–	–	–	–	5,715,615	6,322,693
Property, buildings and equipment (note 4)	–	–	1,054,189	–	–	–	–	1,054,189	1,126,599
	1,724,505	5,757,333	1,078,969	16,579	18,913	51,406	–	8,647,705	9,708,262
<b>Liabilities and Fund Balances</b>									
Current liabilities:									
Accounts payable and accrued liabilities (note 5)	204,150	–	–	–	–	–	–	204,150	301,383
Interfund payable (receivable)	(196,627)	187,398	3,820	(20,403)	(19,236)	45,048	–	–	–
Deferred revenue (note 6)	1,137,896	–	–	–	–	–	–	1,137,896	1,379,271
	1,145,419	187,398	3,820	(20,403)	(19,236)	45,048	–	1,342,046	1,680,654
Fund balances:									
Invested in capital assets	–	–	954,189	–	–	–	–	954,189	1,026,599
Externally restricted	–	3,763,576	100,000	–	–	6,358	–	3,869,934	4,261,529
Internally restricted	–	1,806,359	20,960	36,982	–	–	–	1,864,301	2,114,252
Unrestricted	579,086	–	–	–	38,149	–	–	617,235	625,228
	579,086	5,569,935	1,075,149	36,982	38,149	6,358	–	7,305,659	8,027,608
Contingencies (note 7)									
Subsequent event (note 8)									
	1,724,505	5,757,333	1,078,969	16,579	18,913	51,406	–	8,647,705	9,708,262

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, 2020, with comparative information for 2019

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>									
Fees	123,360	—	—	—	—	—	—	123,360	186,603
Donations	670,093	—	—	500	—	—	—	670,593	1,650,264
Fundraising	241,204	—	—	—	—	—	—	241,204	223,957
Other	26,091	—	—	—	—	—	—	26,091	45,974
Research and conservation	4,735,524	—	—	—	—	—	—	4,735,524	4,184,882
Bank interest and exchange	19,372	34	357	329	272	348	—	20,712	14,432
Investment income	84,208	35,697	—	1,166	34,637	—	30,456	186,164	163,383
<b>Change in fair value of investments:</b>									
Gain on sale of investments	72,817	29,952	—	1,008	29,952	—	26,337	160,066	135,852
Unrealized gains (losses) on investments	—	(580,979)	—	—	—	—	—	(580,979)	116,883
	5,972,669	(515,296)	357	3,003	64,861	348	56,793	5,582,735	6,722,230
<b>Expenses:</b>									
Administration	478,174	—	—	—	—	—	—	478,174	442,419
Fundraising	262,165	—	—	—	—	—	—	262,165	266,146
Membership services	584,069	—	—	—	—	—	—	584,069	387,530
Other	—	—	—	—	1,000	—	—	1,000	1,000
Research and conservation	4,773,992	—	—	—	18,274	—	—	4,792,266	4,335,846
Amortization of buildings and equipment	—	—	133,089	—	—	—	—	133,089	110,307
Grants	—	—	—	25,717	—	—	4,641	30,358	15,500
Investment fees	12,830	—	—	178	10,555	—	—	23,563	27,882
	6,111,230	—	133,089	25,895	29,829	—	4,641	6,304,684	5,586,630
<b>Excess (deficiency) of revenue over expenses</b>	<b>(138,561)</b>	<b>(515,296)</b>	<b>(132,732)</b>	<b>(22,892)</b>	<b>35,032</b>	<b>348</b>	<b>52,152</b>	<b>(721,949)</b>	<b>1,135,600</b>

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, 2020, with comparative information for 2019

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year	596,252	6,200,507	1,149,395	46,468	28,976	6,010	–	8,027,608	6,892,008
Excess (deficiency) of revenue over expenses	(138,561)	(515,296)	(132,732)	(22,892)	35,032	348	52,152	(721,949)	1,135,600
Interfund transfers (note 9)	386,180	299,078	58,486	15,403	28,174	–	–	787,321	1,647,861
Interfund transfers (note 9)	(264,785)	(414,354)	–	(1,997)	(54,033)	–	(52,152)	(787,321)	(1,647,861)
Net interfund transfers	121,395	(115,276)	58,486	13,406	(25,859)	–	(52,152)	–	–
Fund balances, end of year	579,086	5,569,935	1,075,149	36,982	38,149	6,358	–	7,305,659	8,027,608

See accompanying notes to financial statements.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided by (used in):									
Operating activities:									
Excess (deficiency) of revenue over expenses	(138,561)	(515,296)	(132,732)	(22,892)	35,032	348	52,152	(721,949)	1,135,600
Items not involving cash:									
Amortization of buildings and equipment	–	–	133,089	–	–	–	–	133,089	110,307
Change in fair value of investments	–	420,913	–	–	–	–	–	420,913	(252,735)
Change in non-cash operating working capital balances:									
Accounts receivable	176,900	–	–	–	–	–	–	176,900	(431,369)
Prepaid expenses	(38,211)	–	–	–	–	–	–	(38,211)	75,901
Interfund payable/receivable	(60,476)	65,162	2,194	2,019	(8,900)	1	–	–	–
Accounts payable and accrued liabilities	(97,233)	–	–	–	–	–	–	(97,233)	1,324
Deferred revenue	(241,375)	–	–	–	–	–	–	(241,375)	828,236
	(398,956)	(29,221)	2,551	(20,873)	26,132	349	52,152	(367,866)	1,467,264
Investing:									
Net (purchase) sale of investments	–	186,165	–	–	–	–	–	186,165	(992,294)
Purchase of property, buildings and equipment	–	–	(60,679)	–	–	–	–	(60,679)	(100,641)
	–	186,165	(60,679)	–	–	–	–	125,486	(1,092,935)
Increase (decrease) in cash	(398,956)	156,944	(58,128)	(20,873)	26,132	349	52,152	(242,380)	374,329
Cash, beginning of year	791,207	50	24,422	24,046	18,640	51,057	–	909,422	535,093
Net interfund transfers	121,395	(115,276)	58,486	13,406	(25,859)	–	(52,152)	–	–
Cash, end of year	513,646	41,718	24,780	16,579	18,913	51,406	–	667,042	909,422

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, 2020

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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 external and internal for endowment.

(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

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2020

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## 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.

#### (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.

### (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 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 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, 2020

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## 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
Network, computers and equipment	Straight-line	3-5 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, 2020

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## 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) New accounting standards:

In March 2018, the Accounting Standards Board issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Accounting Standards for Not-for-Profit Organizations - Part III of the Chartered Professional Accountants of Canada Handbook ("Handbook") as follows:

(i) *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of Section 3061, Property Plant and Equipment in Accounting Standards for Private Enterprises - Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2020

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

(h) New accounting standards (continued):

- (ii) *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and, where applicable, to record an impairment expense should the net carrying value be higher than the fair value or replacement cost of the asset.
- (iii) *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

The amendments are effective for the Organization's financial statements for the year ended March 31, 2020.

The implementation of these changes had no impact on the financial statements.

## 2. Accounts receivable:

	2020	2019
Accounts receivable	\$ 1,117,698	\$ 1,294,598
Allowance for doubtful accounts	-	-
	\$ 1,117,698	\$ 1,294,598

# BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2020

### 3. Investments:

Endowment Fund investments consist of:

	2020	2019
Fair value:		
Canadian equities	\$ 1,691,336	\$ 2,228,405
US equities	489,412	616,880
International equities	472,387	557,063
Fixed income	2,644,761	2,580,467
Cash and money market	417,719	339,878
	\$ 5,715,615	\$ 6,322,693

	2020	2019
Investment income is allocated based on the following investment distribution held within the Endowment Fund:		
Baillie account	\$ 35,792	\$ 37,468
Tarry account	2,097,088	2,222,613
Long Point Bird Observatory account	755,420	836,495
Long Point Waterfowl and Wetland Research Fund account	807,684	867,276
Building	286,691	319,865
General account	770,593	973,346
Miller Fund	962,347	1,065,630
	\$ 5,715,615	\$ 6,322,693

The fixed income investments earn a rate of return ranging from 1.9% to 8% (2019 - 1.6% to 8%) and having maturities ranging from June 1, 2021 to June 2, 2024. 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

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2020

## 4. Property, buildings and equipment:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Headquarters land	\$ 216,000	-	216,000	\$ 216,000
Headquarters buildings	1,951,341	1,349,882	601,459	678,931
Old Cut property	82,701	-	82,701	82,701
Old Cut field station and visitor centre	215,083	165,273	49,810	36,078
Remote Long Point field stations	169,803	153,070	16,733	16,142
Vehicles	266,414	254,444	11,970	15,981
Network, computers and equipment	455,312	379,796	75,516	80,766
Kiosks	185,939	185,939	-	-
Barn and laboratory	135,521	135,521	-	-
	\$ 3,678,114	2,623,925	1,054,189	\$ 1,126,599

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2020 are government remittances payable of \$8,893 (2019 - \$82,590).

## 6. Deferred revenue:

	2020	2019
Balance, beginning of year end	\$ 1,379,271	\$ 551,035
Add: contributions received	581,196	1,307,652
Less: amounts recognized to revenue	(822,573)	(479,416)
Balance, end of year end	\$ 1,137,896	\$ 1,379,271

## 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, 2020

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## **8. Subsequent event:**

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and social impacts.

At the time of approval of these financial statements, the Organization has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Changes in traditional fundraising events;
- Experienced temporary declines in the fair value of investments and investment income due to market volatility as a result of the COVID-19 pandemic; and
- Mandatory working from home requirements for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time.

## **9. 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, \$414,354 was transferred from the Endowment Fund:

- \$386,180 into the Operating Fund to cover operational expenses in a number of programs
- \$28,174 into the Tarry Fund to fund the annual Young Ornithologists Workshop

During the year, \$264,785 was transferred from the Operating Fund:

- \$58,486 into the Capital Fund to purchase capital assets
- \$15,403 in proceeds from the Birdathon was transferred to the Baillie Fund to provide grants to individuals or groups for projects
- \$190,895 into the Endowment Fund

During the year, \$108,183 was transferred into the Endowment Fund from the Miller Fund (\$52,152), the Baillie Fund (\$1,997) and the Tarry Fund (\$54,033).



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

**(Operating as "Birds Canada/Oiseaux Canada")**

Notes to Financial Statements, continued

Year ended March 31, 2020

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## **10. 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 \$218,770 US (2019 - \$519,703 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 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.

(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.