

BC NATURALISTS' FOUNDATION

FINANCIAL STATEMENTS

December 31, 2021

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APPROVED BY:

Date

Preparer: _____

Reviewer: _____

Partner: _____

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members,
BC NATURALISTS' FOUNDATION

We have reviewed the statement of financial position of BC NATURALISTS' FOUNDATION as at December 31, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets, and net assets.

(continues)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT to the Members of BC
NATURALISTS' FOUNDATION *(continued)*

Qualified Conclusion

Except for the effect of the adjustments, if any, which we may have determined to be necessary had we been able to complete our review of donation revenue, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Kamloops, British Columbia
Friday, May 27, 2022

Chartered Professional Accountants

Draft for discussion purposes only

BC NATURALISTS' FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(unaudited)

ASSETS

CURRENT ASSETS:

	Total 2021	Total 2020
Cash	\$ 12,381	\$ 4,978
Marketable securities (Note 3)	753,630	638,309
Accounts receivable	<u>2,404</u>	<u>2,587</u>
	\$ 768,415	\$ 645,874

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals	\$ <u>1,538</u>	\$ <u>1,539</u>
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NET ASSETS

General fund	282,083	206,716
Endowment fund	<u>484,794</u>	<u>437,619</u>
	<u>766,877</u>	<u>644,335</u>
	\$ 768,415	\$ 645,874

APPROVED ON BEHALF OF THE BOARD:

Director

Director

BC NATURALISTS' FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2021
(unaudited)

	General Fund	Endowment Fund	Total 2021	Total 2020
NET ASSETS, beginning of year	\$ 206,716	\$ 437,619	\$ 644,335	\$ 576,883
EXCESS OF REVENUES OVER EXPENSES	<u>75,367</u>	<u>47,175</u>	<u>122,542</u>	<u>67,453</u>
NET ASSETS, end of year	<u>\$ 282,083</u>	<u>\$ 484,794</u>	<u>\$ 766,877</u>	<u>\$ 644,336</u>

See accompanying notes to financial statements.

BC NATURALISTS' FOUNDATION
STATEMENT OF OPERATIONS
Year ended December 31, 2021
(unaudited)

	General Fund	Endowment Fund	Total 2021	General Fund	Endowment Fund	Total 2020
REVENUES:						
Investment income - net (Note 3)	\$ 93,366	\$ -	\$ 93,366	\$ 45,990	\$ -	\$ 45,990
Vancouver Foundation (Note 4)	9,693	-	9,693	9,340	-	9,340
Donations	40	27,011	27,051	40	36,927	36,967
Bequests	-	20,164	20,164	-	-	-
	<u>103,099</u>	<u>47,175</u>	<u>150,274</u>	<u>55,370</u>	<u>36,927</u>	<u>92,297</u>
EXPENDITURES:						
Administrator fees	600	-	600	575	-	575
Bank fees	554	-	554	191	-	191
Donations (Note 5)	25,000	-	25,000	22,500	-	22,500
Fees	40	-	40	40	-	40
Professional fees	1,538	-	1,538	1,538	-	1,538
	<u>27,732</u>	<u>-</u>	<u>27,732</u>	<u>24,844</u>	<u>-</u>	<u>24,844</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 75,367	\$ 47,175	\$ 122,542	\$ 30,526	\$ 36,927	\$ 67,453

See accompanying notes to financial statements.

BC NATURALISTS' FOUNDATION
STATEMENT OF CASH FLOWS
Year ended December 31, 2021
(unaudited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenues over expenditures	\$ 122,542	\$ 67,453
Items not affecting cash:		
Gains on disposal of investments	(24,302)	(18,658)
Unrealized gains on marketable securities	(64,189)	(21,271)
Changes in non-cash working capital:		
Accounts receivable	182	(182)
Cash flows from operating activities	<u>34,233</u>	<u>27,342</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(190,469)	(236,615)
Proceeds from sale of marketable securities	163,639	194,489
Cash flows used in investing	<u>(26,830)</u>	<u>(42,126)</u>
INCREASE (DECREASE) IN CASH	7,403	(14,784)
CASH, beginning of year	<u>4,978</u>	<u>19,762</u>
CASH, end of year	\$ 12,381	\$ 4,978

See accompanying notes to financial statements.

BC NATURALISTS' FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(unaudited)

NOTE 1. PURPOSE OF THE ORGANIZATION:

BC NATURALISTS' FOUNDATION (the "Foundation") was incorporated under the Societies Act (British Columbia) on July 6, 1990. Its purpose is to promote the preservation of the natural environment through conservation, research and education projects, and to receive, hold and invest bequests and other donations in order to finance the programs related to its purpose.

The Foundation is a charitable organization registered under the provisions of the Income Tax Act and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. All revenues and expenses are accounted for on the accrual basis of accounting, except donations over which CPAEF has no control. Donations are recorded when received.

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting following the restricted fund method of accounting. The Foundation has established the following funds:

General fund:

The general fund accounts for revenue and expenditures related to unrestricted donations and administrative activities. The fund balance represents net assets that are not subject to externally imposed restrictions. Unrestricted contributions are recognized as revenue in the general fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Endowment fund:

The endowment fund includes those funds where an implicit or explicit external restriction requires that the principal be maintained by the Foundation on a permanent basis. Investment income earned on the Foundation's externally restricted endowments is not externally restricted and is reported in the general fund and will be used to fund operational and administrative costs and donations that align with the Foundation's purposes. Contributions to the endowment fund are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

BC NATURALISTS' FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(unaudited)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

NOTE 3. MARKETABLE SECURITIES:

	2021		2020	
	Cost Amount	Fair Value	Cost Amount	Fair Value
Cash	\$ 30,153	\$ 30,153	\$ 1,839	\$ 1,839
Money Market Investments	38,268	38,268	38,153	38,153
Savings Bonds & GIC's	152,000	152,000	82,000	82,000
Fixed Income	47,776	47,829	98,773	100,352
Common Shares	271,014	447,008	251,099	358,014
Trust Units	17,379	26,823	11,541	15,356
Exchange Traded Funds	9,899	11,549	31,714	42,595
	<u>\$ 566,489</u>	<u>\$ 753,630</u>	<u>\$ 515,119</u>	<u>\$ 638,309</u>

Total net investment income for the year was as follows:

	2021	2020
Interest and dividend income	\$ 12,092	\$ 11,808
Realized gain on sale of investments	24,302	18,657
Unrealized gain on fair value of investments	64,189	21,271
Investment management fees	<u>(7,217)</u>	<u>(5,746)</u>
	<u>\$ 93,366</u>	<u>\$ 45,990</u>

NOTE 4. VANCOUVER FOUNDATION:

The BC Naturalists' Foundation holds \$191,973 (2020 - \$191,698) in contributed principal with the Vancouver Foundation. The contributed principal has a fair market value of \$272,330 (2020 - \$241,476) at year end. In accordance with the provisions of the Vancouver Foundation Act, the amounts are held permanently by the Vancouver Foundation. As the Foundation has the right to receive only the investment income on these funds, and has no access to the contributed principal, the financial statements do not include amounts placed with the Vancouver Foundation as assets. The Foundation elected to switch the Vancouver Foundation's investment from the Consolidated Trust Fund to the Socially Responsible Investment Fund during the year.

During the year, the Foundation received a capital donation to the principal of the Vancouver Foundation for \$275 (2020 - \$100).

BC NATURALISTS' FOUNDATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2021
(unaudited)

NOTE 5. RELATED PARTY TRANSACTIONS:

During the year, the Foundation donated \$25,000 (2020 - \$22,500) to the Federation of British Columbia Naturalists, a related organization.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE 6. FINANCIAL INSTRUMENTS:

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2021.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its bonds and guaranteed investment certificates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in quoted shares and mutual funds.