

**BC NATURALISTS' FOUNDATION**

**FINANCIAL STATEMENTS**

**December 31, 2016**

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## 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, 2016 and the statements of changes in net assets, operations and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

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.

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.



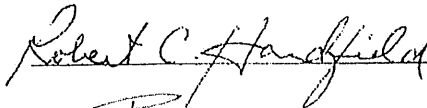
Chartered Professional Accountants

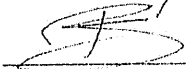
Kamloops, British Columbia  
May 5, 2017

**BC NATURALISTS' FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**  
(unaudited)

<b>ASSETS</b>	<b>Total 2016</b>	<b>Total 2015</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 7,789	\$ 3,862
Marketable securities (Note 3)	401,595	315,320
Accounts receivable	1,894	1,989
Bequests receivable	<u>25,000</u>	<u>-</u>
	<b>\$ 436,278</b>	<b>\$ 321,171</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ <u>1,537</u>	\$ <u>1,845</u>
<b>NET ASSETS</b>		
General fund	136,797	123,557
Endowment fund	<u>297,944</u>	<u>195,769</u>
	<u>434,741</u>	<u>319,326</u>
	<b>\$ 436,278</b>	<b>\$ 321,171</b>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

**BC NATURALISTS' FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended December 31, 2016**  
(unaudited)

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	<b>General Fund</b>	<b>Endowment Fund</b>	<b>Total 2016</b>	<b>Total 2015</b>
NET ASSETS, beginning of year	\$ 123,557	\$ 195,769	\$ 319,326	\$ 303,355
EXCESS OF REVENUES OVER EXPENSES	<u>13,240</u>	<u>102,175</u>	<u>115,415</u>	<u>15,971</u>
NET ASSETS, end of year	<u>\$ 136,797</u>	<u>\$ 297,944</u>	<u>\$ 434,741</u>	<u>\$ 319,326</u>

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See accompanying notes to financial statements.

**BC NATURALISTS' FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**Year ended December 31, 2016**  
(unaudited)

	General Fund	Endowment Fund	<b>Total 2016</b>	General Fund	Endowment Fund	<b>Total 2015</b>
<b>REVENUES:</b>						
Investment income - net (Note 3)	\$ 20,742	\$ -	<b>\$ 20,742</b>	\$ 19,841	\$ -	<b>\$ 19,841</b>
Vancouver Foundation (Note 4)	7,949	-	<b>7,949</b>	7,545	-	<b>7,545</b>
Donations	956	2,175	<b>3,131</b>	-	3,705	<b>3,705</b>
Bequests	-	100,000	<b>100,000</b>	-	-	<b>-</b>
	<u>29,647</u>	<u>102,175</u>	<u><b>131,822</b></u>	<u>27,386</u>	<u>3,705</u>	<u><b>31,091</b></u>
<b>EXPENDITURES:</b>						
Administrator fees	400	-	<b>400</b>	350	-	<b>350</b>
Advertising	-	-	<b>-</b>	493	-	<b>493</b>
Donations (Note 5)	13,000	-	<b>13,000</b>	12,000	-	<b>12,000</b>
Fees and insurance	40	-	<b>40</b>	11	-	<b>11</b>
Interest and bank charges	44	-	<b>44</b>	48	-	<b>48</b>
Meetings and directors' expenses	956	-	<b>956</b>	122	-	<b>122</b>
Office, postage and copying	-	-	<b>-</b>	83	-	<b>83</b>
Professional fees	1,128	-	<b>1,128</b>	1,895	-	<b>1,895</b>
Promotional materials	839	-	<b>839</b>	118	-	<b>118</b>
	<u>16,407</u>	<u>-</u>	<u><b>16,407</b></u>	<u>15,120</u>	<u>-</u>	<u><b>15,120</b></u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 13,240</b>	<b>\$ 102,175</b>	<b>\$ 115,415</b>	<b>\$ 12,266</b>	<b>\$ 3,705</b>	<b>\$ 15,971</b>

See accompanying notes to financial statements.

**BC NATURALISTS' FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**Year ended December 31, 2016**  
(unaudited)

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	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenues over expenditures	<b>\$ 115,415</b>	\$ 15,971
Items not affecting cash:		
Gain on disposal of investments	<b>(13,028)</b>	(11,777)
Unrealized gains on marketable securities	<b>(1,969)</b>	(3,606)
Changes in non-cash working capital:		
Accounts receivable	<b>(24,905)</b>	(822)
Accounts payable	<b>(308)</b>	(181)
Cash flows from (used in) operating activities	<u><b>75,205</b></u>	<u>(415)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of marketable securities	<b>(128,806)</b>	(76,589)
Proceeds from sale of marketable securities	<b>57,528</b>	75,252
Cash flows used in investing	<u><b>(71,278)</b></u>	<u>(1,337)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>3,927</b>	(1,752)
CASH, beginning of year	<u><b>3,862</b></u>	<u>5,614</u>
<b>CASH, end of year</b>	<u><b>\$ 7,789</b></u>	<u>\$ 3,862</u>

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See accompanying notes to financial statements.

**BC NATURALISTS' FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
(unaudited)

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**NOTE 1. DESCRIPTION OF BUSINESS:**

BC NATURALISTS' FOUNDATION (the "Foundation") was incorporated under the Society Act of 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 were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (GAAP).

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.

Endowment fund:

The endowment fund includes those funds where either donor or internal restrictions require 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.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the general 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue in the endowment fund.

Investment income earned on the Foundation's endowment fund is not externally restricted and is reported in the general fund. Investment income is recognized when earned.

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, 2016**  
(unaudited)

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):**

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations 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:**

	2016		2015	
	Cost Amount	Fair Value	Cost Amount	Fair Value
Cash	\$ 13,581	\$ 13,581	\$ 999	\$ 999
Money Market Investments	27,008	27,008	22,797	22,797
Savings Bonds & GIC's	56,000	56,000	66,900	66,900
Fixed Income	76,602	75,764	33,620	33,177
Common Shares	164,645	218,435	135,763	187,651
Trust Units	<u>9,416</u>	<u>10,807</u>	<u>3,917</u>	<u>3,796</u>
	<u>\$ 347,252</u>	<u>\$ 401,595</u>	<u>\$ 263,996</u>	<u>\$ 315,320</u>

Total net investment income for the year was as follows:

	2016	2015
Interest and dividend income	\$ 8,984	\$ 7,600
Realized gain (loss) on sale of investments	13,029	11,777
Unrealized gain (loss) on investments	1,969	3,606
Investment management fees	<u>(3,240)</u>	<u>(3,142)</u>
	<u>\$ 20,742</u>	<u>\$ 19,841</u>

**NOTE 4. VANCOUVER FOUNDATION:**

The BC Naturalists' Foundation holds \$191,598 (2015 - \$191,598) in contributed principal with the Vancouver Foundation. The contributed principal has a fair market value of \$229,077 (2015 - \$219,348) 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.

During the year, the Foundation did not contribute any principal to the Vancouver Foundation (2015 - \$Nil).

**NOTE 5. RELATED PARTY TRANSACTIONS:**

During the year, the Foundation donated \$13,000 (2015 \$12,000) 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.



**BC NATURALISTS' FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**  
(unaudited)

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**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, 2016.

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.