

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, 2021



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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, 2021
- 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, 2021, 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.



Page 3

- 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

September 24, 2021

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets:										
Cash and term deposits	653,621	50	24,796	11,492	18,925	6,449	–	–	715,333	667,042
Accounts receivable (note 2)	1,638,677	–	–	–	–	–	–	–	1,638,677	1,117,698
Prepaid expenses	46,605	–	–	–	–	–	–	–	46,605	93,161
	2,338,903	50	24,796	11,492	18,925	6,449	–	–	2,400,615	1,877,901
Investments (note 3)	–	6,588,525	–	–	–	–	–	–	6,588,525	5,715,615
Property, buildings and equipment (note 4)	–	–	1,063,217	–	–	–	–	–	1,063,217	1,054,189
	2,338,903	6,588,575	1,088,013	11,492	18,925	6,449	–	–	10,052,357	8,647,705
Liabilities and Fund Balances										
Current liabilities:										
Accounts payable and accrued liabilities (note 5)	707,263	–	20,808	–	–	–	–	–	728,071	204,150
Interfund payable (receivable)	36,566	48,453	(42,656)	(20,280)	(22,083)	–	–	–	–	–
Deferred revenue (note 6)	971,969	–	–	–	–	–	–	–	971,969	1,137,896
	1,715,798	48,453	(21,848)	(20,280)	(22,083)	–	–	–	1,700,040	1,342,046
Fund balances:										
Invested in capital assets	–	–	963,217	–	–	–	–	–	963,217	954,189
Externally restricted	–	4,515,690	100,000	–	–	6,449	–	–	4,622,139	3,869,934
Internally restricted	–	2,024,432	46,644	31,772	–	–	–	–	2,102,848	1,864,301
Unrestricted	623,105	–	–	–	41,008	–	–	–	664,113	617,235
	623,105	6,540,122	1,109,861	31,772	41,008	6,449	–	–	8,352,317	7,305,659
Contingencies (note 7)										
Implications of COVID-19 (note 8)										
	2,338,903	6,588,575	1,088,013	11,492	18,925	6,449	–	–	10,052,357	8,647,705

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, 2021, with comparative information for 2020

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:										
Fees	89,597	–	–	–	–	–	–	–	89,597	123,360
Donations	784,498	–	–	50	–	–	–	36,000	820,548	670,593
Fundraising	208,848	–	–	–	–	–	–	–	208,848	241,204
Other	187,978	–	–	–	–	–	–	–	187,978	26,091
Research and conservation	5,260,807	–	–	–	–	–	–	–	5,260,807	4,735,524
Investment income	99,284	46,134	–	1,571	46,159	–	39,101	–	232,249	186,164
Change in fair value of investments:										
Gain on sale of investments	105,933	49,250	933	1,677	49,250	–	41,720	–	248,763	160,066
Unrealized gains (losses) on investments	–	819,913	–	–	–	–	–	–	819,913	(580,979)
	6,736,945	915,297	933	3,298	95,409	–	80,821	36,000	7,868,703	5,562,023
Expenses:										
Administration	551,583	–	–	–	–	–	–	–	551,583	478,174
Fundraising	182,974	–	40,609	–	–	–	–	–	223,583	262,165
Membership services	656,996	–	–	–	–	–	–	–	656,996	584,069
Other	–	–	–	–	1,000	–	–	–	1,000	1,000
Research and conservation	5,126,187	–	–	–	24,744	–	–	–	5,150,931	4,792,266
Amortization of buildings and equipment	–	–	136,094	–	–	–	–	–	136,094	133,089
Bank interest and exchange (income)	55,117	(25)	(16)	(10)	(12)	(91)	–	–	54,963	(20,712)
Grants	–	–	–	20,500	–	–	–	–	20,500	30,358
Investment fees	11,282	–	–	179	10,491	–	4,443	–	26,395	23,563
	6,584,139	(25)	176,687	20,669	36,223	(91)	4,443	–	6,822,045	6,283,972
Excess (deficiency) of revenue over expenses	152,806	915,322	(175,754)	(17,371)	59,186	91	76,378	36,000	1,046,658	(721,949)

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, 2021, with comparative information for 2020

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year	579,086	5,569,935	1,075,149	36,982	38,149	6,358	–	–	7,305,659	8,027,608
Excess (deficiency) of revenue over expenses	152,806	915,322	(175,754)	(17,371)	59,186	91	76,378	36,000	1,046,658	(721,949)
Interfund transfers (note 9)	158,883	414,499	210,466	15,230	28,591	–	–	–	827,669	787,321
Interfund transfers (note 9)	(267,670)	(359,634)	–	(3,069)	(84,918)	–	(76,378)	(36,000)	(827,669)	(787,321)
Net interfund transfers	(108,787)	54,865	210,466	12,161	(56,327)	–	(76,378)	(36,000)	–	–
Fund balances, end of year	623,105	6,540,122	1,109,861	31,772	41,008	6,449	–	–	8,352,317	7,305,659

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, 2021, with comparative information for 2020

	Operating Fund	Capital Fund	Baillie Fund	Tarry Fund	Miller Fund	Love & Friends Fund	Interfund payable, net of cash and deposits	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Endowment fund balance, beginning of year	2,333,697	286,691	35,792	2,097,088	962,347	–	(145,680)	5,569,935	6,200,507
Excess of revenue over expenses	308,116	65,372	5,210	301,312	139,903	–	95,409	915,322	(515,296)
Interfund transfer within endowment fund	(1,868)	–	–	–	–	–	1,868	–	–
Interfund transfers (note 9)	214,134	–	3,069	84,918	76,378	36,000	–	414,499	299,078
Interfund transfers (note 9)	(158,883)	(172,160)	–	(28,591)	–	–	–	(359,634)	(414,354)
Endowment fund balance, end of the year	2,695,196	179,903	44,071	2,454,727	1,178,628	36,000	(48,403)	6,540,122	5,569,935

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) of revenue over expenses	152,806	915,322	(175,754)	(17,371)	59,186	91	76,378	36,000	1,046,658	(721,949)
Items not involving cash:										
Amortization of buildings and equipment	–	–	136,094	–	–	–	–	–	136,094	133,089
(Gain) loss on disposal of capital assets	–	–	(933)	–	–	–	–	–	(933)	–
Change in fair value of investments	–	(1,068,676)	–	–	–	–	–	–	(1,068,676)	420,913
Change in non-cash operating working capital balances:										
Accounts receivable	(520,979)	–	–	–	–	–	–	–	(520,979)	176,900
Prepaid expenses	46,556	–	–	–	–	–	–	–	46,556	(38,211)
Interfund payable/receivable	233,193	(138,945)	(46,476)	123	(2,847)	(45,048)	–	–	–	–
Accounts payable and accrued liabilities	503,113	–	20,808	–	–	–	–	–	523,921	(97,233)
Deferred revenue	(165,927)	–	–	–	–	–	–	–	(165,927)	(241,375)
	248,762	(292,299)	(66,261)	(17,248)	56,339	(44,957)	76,378	36,000	(3,286)	(367,866)
Investing:										
Net (purchase) sale of investments	–	195,766	–	–	–	–	–	–	195,766	186,165
Proceeds on disposition of capital assets	–	–	2,550	–	–	–	–	–	2,550	–
Purchase of property, buildings and equipment	–	–	(146,739)	–	–	–	–	–	(146,739)	(60,679)
	–	195,766	(144,189)	–	–	–	–	–	51,577	125,486
Increase (decrease) in cash	248,762	(96,533)	(210,450)	(17,248)	56,339	(44,957)	76,378	36,000	48,291	(242,380)
Cash, beginning of year	513,646	41,718	24,780	16,579	18,913	51,406	–	–	667,042	909,422
Net interfund transfers	(108,787)	54,865	210,466	12,161	(56,327)	–	(76,378)	(36,000)	–	–
Cash, end of year	653,621	50	24,796	11,492	18,925	6,449	–	–	715,333	667,042

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, 2021

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.

(iv) Baillie Fund:

The James L. Baillie Memorial Fund (“Baillie Fund”) reports the assets, liabilities, revenue and expenses of a fund which 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, 2021

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 of a fund which 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 of a fund which 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.

(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, 2021

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, 2021

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.

2. Accounts receivable:

	2021	2020
Accounts receivable	\$ 1,638,677	\$ 1,117,698
Allowance for doubtful accounts	-	-
	<u>\$ 1,638,677</u>	<u>\$ 1,117,698</u>

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2021

3. Investments:

Endowment Fund investments consist of:

	2021	2020
Fair value:		
Canadian equities	\$ 2,543,529	\$ 1,691,336
US equities	275,028	489,412
International equities	508,917	472,387
Fixed income	2,030,929	2,644,761
Cash and money market	545,886	417,719
Preferred shares	684,236	-
	\$ 6,588,525	\$ 5,715,615

Investment income is allocated based on the following:

	2021	2020
Investment distribution held within the Endowment Fund:		
Baillie account	\$ 44,071	\$ 35,792
Tarry account	2,550,110	2,097,088
Long Point Bird Observatory account	883,647	755,420
Long Point Waterfowl and Welland Research Fund account	969,843	807,684
Building	352,997	286,691
General account	626,158	770,593
Miller Fund	1,125,699	962,347
Love & Friends Fund	36,000	-
	\$ 6,588,525	\$ 5,715,615

The fixed income investments earn a rate of return ranging from 1% to 8% (2020 - 1.9% to 8%) and having maturities ranging from June 1, 2021 to June 3, 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, 2021

4. Property, buildings and equipment:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Headquarters land	\$ 216,000	\$ –	\$ 216,000	\$ 216,000
Headquarters buildings	1,993,162	1,425,724	567,438	601,459
Old Cut property	82,701	–	82,701	82,701
Old Cut field station and visitor centre	219,735	170,024	49,711	49,810
Remote Long Point field stations	169,803	156,978	12,825	16,733
Vehicles	255,264	250,612	4,652	11,970
Network, computers and equipment	555,577	425,687	129,890	75,516
Kiosks	185,939	185,939	–	–
Barn and laboratory	135,521	135,521	–	–
	\$ 3,813,702	\$ 2,750,485	\$ 1,063,217	\$ 1,054,189

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2021 are government remittances payable of \$113,799 (2020 - \$8,893).

6. Deferred revenue:

	2021	2020
Balance, beginning of year end	\$ 1,137,896	\$ 1,379,271
Add: contributions received	560,739	581,198
Less: amounts recognized to revenue	(726,666)	(822,573)
Balance, end of year end	\$ 971,969	\$ 1,137,896

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, 2021

8. Implications of COVID-19:

On March 11, 2020, the World Health Society 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.

During the year, the Organization has experienced the following in relation to the pandemic:

- The Organization has applied for the Canada Emergency Wage Subsidy ("CEWS") funding of \$146,946. The CEWS funding is presented in other income on the statement of operations;
- The Organization has applied for the Temporary Wage Subsidy ("TWS") of \$25,000. The TWS is presented in other income on the statement of operations; and
- Mandatory working from home requirements for those able to do so.

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.

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2021

9. 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, \$359,634 was transferred from the Endowment Fund:

- \$158,883 into the Operating Fund to cover \$22,023 of budgeted expenses of the Long Point Waterfowl and Wetlands Research Fund and \$136,860 for operational expenses.
- \$28,591 into the Tarry Fund to fund the annual Young Ornithologists Workshop.
- \$172,160 into the Capital Fund to fund board approved 2021-22 projects.

During the year, \$267,670 was transferred from the Operating Fund:

- \$38,306 into the Capital Fund to purchase capital assets
- \$15,230 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.
- \$214,134 into the Endowment Fund

During the year, \$414,499 was transferred into the Endowment Fund:

- \$214,134 from the Operating Fund
- \$3,069 from the Baillie Fund
- \$84,918 from the Tarry Fund
- \$76,378 from the Miller Fund
- \$36,000 from the Love & Friends Fund

BIRD STUDIES CANADA/ÉTUDES D'OISEAUX CANADA

(Operating as "Birds Canada/Oiseaux Canada")

Notes to Financial Statements, continued

Year ended March 31, 2021

10. Operating line of credit:

At March 31, 2021, 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 (2020 - \$nil).

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 \$395,427 US (2020 - \$218,770 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.

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.