

Financial Statements of

**BIRDS CANADA/
OISEAUX CANADA**

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITOR'S REPORT

To the Members of Birds Canada/Oiseaux Canada

Opinion

We have audited the financial statements of Birds Canada/Oiseaux Canada (the Organization), which comprise:

- the statement of financial position as at March 31, 2023
- 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, 2023, and its results of operations, its fund balances 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

September 26, 2023

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets										
Current assets:										
Cash and term deposits	1,492,043	66	25,374	16,732	19,366	6,551	–	–	1,560,132	1,617,618
Accounts receivable (note 2)	2,084,990	–	–	–	–	–	–	–	2,084,990	1,429,640
Prepaid expenses	236,666	–	–	–	–	–	–	–	236,666	181,011
Property and building held for sale (note 4)	–	–	–	–	–	–	–	–	–	315,000
	3,813,699	66	25,374	16,732	19,366	6,551	–	–	3,881,788	3,543,269
Investments (note 3)	–	6,264,725	–	–	–	–	–	–	6,264,725	6,679,283
Property, buildings and equipment (note 4)	–	–	939,149	–	–	–	–	–	939,149	1,077,838
	3,813,699	6,264,791	964,523	16,732	19,366	6,551	–	–	11,085,662	11,300,390
Liabilities and Fund Balances										
Current liabilities:										
Accounts payable and accrued liabilities (note 5)	698,898	–	6,067	–	–	–	–	–	704,965	807,534
Interfund payable (receivable)	468,881	13,804	(423,242)	(16,224)	(43,219)	–	–	–	–	–
Deferred revenue (note 6)	1,145,081	–	–	–	–	–	–	–	1,145,081	1,407,562
	2,312,860	13,804	(417,175)	(16,224)	(43,219)	–	–	–	1,850,046	2,215,096
Fund balances:										
Invested in capital assets	–	–	839,149	–	–	–	–	–	839,149	1,292,838
Externally restricted	–	4,398,915	100,000	–	–	6,551	–	–	4,505,466	4,772,311
Internally restricted	–	1,852,072	442,549	32,956	–	–	–	–	2,327,577	2,051,965
Unrestricted	1,500,839	–	–	–	62,585	–	–	–	1,563,424	968,180
	1,500,839	6,250,987	1,381,698	32,956	62,585	6,551	–	–	9,235,616	9,085,294
Contingencies (note 7)	–	–	–	–	–	–	–	–	–	–
	3,813,699	6,264,791	964,523	16,732	19,366	6,551	–	–	11,085,662	11,300,390

See accompanying notes to financial statements.

BIRDS CANADA/OISEAUX CANADA
(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Statement of Operations

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue:										
Fees	17,101	–	–	–	–	–	–	–	17,101	82,382
Donations	1,057,595	–	–	500	–	–	–	–	1,058,095	1,046,884
Fundraising	196,027	–	–	–	–	–	–	–	196,027	219,823
Other	55,147	2,167	–	–	–	–	–	–	57,314	49,720
Research and conservation	8,332,308	–	–	–	–	–	–	–	8,332,308	6,652,767
Bank interest and exchange (expense)	31,710	–	578	441	441	89	–	–	33,259	11,292
Contribution of property and building (note 4)	–	–	–	–	–	–	–	–	–	315,000
Investment income	87,788	40,644	–	1,483	42,811	–	34,682	758	208,166	187,016
Gain on disposal of property and building held for sale (note 4)	–	–	93,047	–	–	–	–	–	93,047	–
Change in fair value of investments:										
Gain on sale of investments	33,174	16,178	–	561	16,178	–	13,106	286	79,483	277,046
Unrealized gains (losses) on investments	–	(464,117)	–	–	–	–	–	–	(464,117)	(62,491)
	9,810,850	(405,128)	93,625	2,985	59,430	89	47,788	1,044	9,610,683	8,779,439
Expenses:										
Administration	870,682	–	–	5	–	–	–	–	870,687	651,788
Fundraising	411,733	–	–	–	–	–	–	–	411,733	358,156
Membership services	792,507	–	–	–	–	–	–	–	792,507	585,453
Other	–	–	–	–	1,000	–	–	–	1,000	1,018
Research and conservation	7,148,398	–	–	–	29,236	–	–	–	7,177,634	6,235,192
Amortization of buildings and equipment	–	–	173,145	–	–	–	–	–	173,145	156,373
Foreign exchange loss	–	–	–	–	–	–	–	–	–	8,704
Grants	–	–	–	6,631	–	–	–	–	6,631	22,100
Investment fees	11,279	–	–	191	11,001	–	4,456	97	27,024	27,678
	9,234,599	–	173,145	6,827	41,237	–	4,456	97	9,460,361	8,046,462
Excess (deficiency) of revenue over expenses	576,251	(405,128)	(79,520)	(3,842)	18,193	89	43,332	947	150,322	732,977

See accompanying notes to financial statements.

BIRDS CANADA/OISEAUX CANADA
(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year	907,343	6,660,495	1,426,762	23,395	60,837	6,462	–	–	9,085,294	8,352,317
Excess (deficiency) of revenue over expenses	576,251	(405,128)	(79,520)	(3,842)	18,193	89	43,332	947	150,322	732,977
Interfund transfers (note 9)	189,506	216,670	34,456	15,256	31,544	–	–	–	487,432	1,181,663
Interfund transfers (note 9)	(172,261)	(221,050)	–	(1,853)	(47,989)	–	(43,332)	(947)	(487,432)	(1,181,663)
Net interfund transfers	17,245	(4,380)	34,456	13,403	(16,445)	–	(43,332)	(947)	–	–
Fund balances, end of year	1,500,839	6,250,987	1,381,698	32,956	62,585	6,551	–	–	9,235,616	9,085,294

See accompanying notes to financial statements.

BIRDS CANADA/OISEAUX CANADA
(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Statement of Changes in Endowment Fund

Year ended March 31, 2023, with comparative information for 2022

	General Account	Building Account	Baillie Account	Tarry Account	Miller Account	Love & Friends Account	Interfund payable, net of cash and deposits	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Endowment fund balance, beginning of year	2,607,067	197,675	46,643	2,480,961	1,241,645	47,615	38,889	6,660,495	6,540,122
Excess of revenue over expenses	(180,455)	(27,964)	(3,216)	(127,277)	(141,396)	16,191	58,989	(405,128)	23,739
Interfund transfer within endowment fund	111,616	–	–	–	–	–	(111,616)	–	–
Interfund transfers (note 9)	122,549	–	1,853	47,989	43,332	947	–	216,670	546,990
Interfund transfers (note 9)	(189,506)	–	–	(31,544)	–	–	–	(221,050)	(450,356)
Endowment fund balance, end of the year	2,471,271	169,711	45,280	2,370,129	1,143,581	64,753	(13,738)	6,250,987	6,660,495

BIRDS CANADA/OISEAUX CANADA
(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	Operating Fund	Endowment Fund	Capital Fund	Baillie Fund	Tarry Fund	Murre Fund	Miller Fund	Love & Friends Fund	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash provided by (used in):										
Operating activities:										
Excess (deficiency) of revenue over expenses	576,251	(405,128)	(79,520)	(3,842)	18,193	89	43,332	947	150,322	732,977
Items not involving cash:										
Amortization of buildings and equipment	–	–	173,145	–	–	–	–	–	173,145	156,373
Gain on disposal of property and building held for sale	–	–	(93,047)	–	–	–	–	–	(93,047)	–
Change in fair value of investments	–	384,634	–	–	–	–	–	–	384,634	(214,555)
Contribution of property and building	–	–	–	–	–	–	–	–	–	(315,000)
Change in non-cash operating working capital balances:										
Accounts receivable	(655,350)	–	–	–	–	–	–	–	(655,350)	209,037
Prepaid expenses	(55,655)	–	–	–	–	–	–	–	(55,655)	(134,406)
Interfund payable/receivable	425,489	(15,034)	(408,047)	(1,101)	(1,307)	–	–	–	–	–
Accounts payable and accrued liabilities	(102,569)	–	–	–	–	–	–	–	(102,569)	79,463
Deferred revenue	(262,481)	–	–	–	–	–	–	–	(262,481)	435,593
	(74,315)	(35,528)	(407,469)	(4,943)	16,886	89	43,332	947	(461,001)	949,482
Investing:										
Net sale of investments	–	29,924	–	–	–	–	–	–	29,924	123,797
Proceeds on disposition of capital assets	–	–	408,047	–	–	–	–	–	408,047	–
Purchase of property, buildings and equipment	–	–	(34,456)	–	–	–	–	–	(34,456)	(170,994)
	–	29,924	373,591	–	–	–	–	–	403,515	(47,197)
Increase (decrease) in cash	(74,315)	(5,604)	(33,878)	(4,943)	16,886	89	43,332	947	(57,486)	902,285
Cash, beginning of year	1,549,113	10,050	24,796	8,272	18,925	6,462	–	–	1,617,618	715,333
Net interfund transfers	17,245	(4,380)	34,456	13,403	(16,445)	–	(43,332)	(947)	–	–
Cash, end of year	1,492,043	66	25,374	16,732	19,366	6,551	–	–	1,560,132	1,617,618

See accompanying notes to financial statements.

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

Birds Canada/Oiseaux Canada (the "Organization or BC") is incorporated without share capital under the Canada Not-For-Profit Corporations Act . On January 25, 2023 the Organization formally changed its name from Bird Studies Canada/Études d'Oiseaux Canada to Birds Canada/ 'Oiseaux Canada. The mission of the Organization is to drive action to increase the understanding, appreciation, and conservation of birds in Canada. 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:

BC 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 to Endowment. Investment income earned on resources of the endowment fund is reported in the accounts of this fund.

(iii) Capital Fund:

The Capital Fund reports the assets, liabilities, revenue and expenses related to BC property, buildings and equipment.

(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.

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

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 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, groups or projects 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 BC 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.

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

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
Equipment	Straight-line	5 years
Leasehold Improvements	Straight-line	10 years
Network, computers and equipment	Straight-line	3 years

When property, buildings and equipment no longer contribute to BC's ability to provide services, their carrying amount is written down to their residual value.

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

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) Asset held for sale:

Long-lived assets are classified by the Organization as an asset held for sale at the point in time when the asset is available for immediate sale, management has committed to a plan to sell the asset and is actively locating a buyer for the asset at a sales price that is reasonable in relation to the current fair value of the asset, and the sale is probable and expected to be completed within a one-year period.

2. Accounts receivable:

	2023	2022
Accounts receivable	\$ 2,084,990	\$ 1,429,640
Allowance for doubtful accounts	-	-
	\$ 2,084,990	\$ 1,429,640

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

3. Investments:

Endowment Fund investments consist of:

	2023	2022
Fair value:		
Canadian equities	\$ 1,875,755	\$ 2,390,217
US equities	241,673	259,178
International equities	347,280	352,747
Fixed income	2,816,375	2,685,500
Cash and money market	352,656	389,256
Preferred shares	630,986	602,385
	\$ 6,264,725	\$ 6,679,283

The fixed income investments earn a rate of return ranging from 1.9% to 8% (2022 – 0.88% to 8%) and having maturities ranging from June 1, 2023 to June 18, 2029. It is the Organization's policy to only invest in debt of counterparties with quality ratings of A or better.

Investment income is allocated based on the following:

	2023	2022
Investment distribution held within the Endowment Fund:		
General account:		
General account	\$ 558,041	\$ 620,409
Long Point Bird Observatory account	807,535	884,513
Long Point Waterfowl and Welland Research Fund account	941,904	996,031
	2,307,480	2,500,953
Building account	289,807	317,771
Baillie account	45,280	46,643
Tarry account	2,549,525	2,660,357
Miller account	1,028,738	1,126,802
Love & Friends account	43,895	26,757
	\$ 6,264,725	\$ 6,679,283

BIRDS CANADA/OISEAUX CANADA
(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

4. Property, buildings and equipment:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Headquarters land	\$ 216,000	\$ –	\$ 216,000	\$ 216,000
Headquarters buildings	1,993,162	1,578,565	414,597	491,062
Old Cut property	82,701	–	82,701	82,701
Old Cut field station and visitor centre	237,417	180,408	57,009	54,749
Remote Long Point field stations	195,415	166,597	28,818	34,078
Vehicles	192,133	190,444	1,689	2,490
Network, computers and equipment	711,534	578,772	132,762	192,698
Kiosks	185,938	185,938	–	–
Barn and laboratory	141,721	136,148	5,573	4,060
	\$ 3,956,021	\$ 3,016,872	\$ 939,149	\$ 1,077,838

In the prior year, the Organization received a donation of property and building, which was recorded as property and building held for sale on the statement of financial position and a contribution of property and building on the statement of operations for its appraised value of \$315,000. During the year, the property was sold for gross proceeds of \$440,000 which resulted in a gain on sale of property and building of \$90,947 (2022 - \$nil).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2023 are government remittances payable of \$148,870 (2022 - \$140,122).

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

6. Deferred revenue:

	2023	2022
Balance, beginning of year	\$ 1,407,562	\$ 971,969
Add: contributions received	1,058,723	1,321,557
Less: amounts recognized to revenue	(1,321,204)	(885,964)
Balance, end of year	\$ 1,145,081	\$ 1,407,562

7. Contingencies:

BC 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, BC will be required to return a \$100,000 grant received from the Foundation during 1995 to assist in the purchase of this property.

8. Operating line of credit:

At March 31, 2023, 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 (2022 - \$Nil).

BIRDS CANADA/OISEAUX CANADA

(Formerly Bird Studies Canada/Études d'Oiseaux Canada)

Notes to Financial Statements, continued

Year ended March 31, 2023

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, \$221,050 was transferred from the Endowment Fund:

- \$189,506 into the Operating Fund to cover \$23,823 of budgeted expenses of the Long Point Waterfowl and Wetlands Research Fund and \$61,974 to support scientist personnel from the Miller Fund, and \$103,709 for operational expenses.
- \$31,544 into the Tarry Fund to fund the annual Young Ornithologists Workshop

During the year, \$172,261 was transferred from the Operating Fund:

- \$34,456 into the Capital Fund to purchase capital assets.
- \$15,256 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.
- \$122,549 into the Endowment Fund

During the year, \$216,670 was transferred into the Endowment Fund:

- \$122,549 from the Operating Fund
- \$1,853 from the Baillie Fund
- \$47,989 from the Tarry Fund
- \$43,332 from the Miller Fund
- \$947 from the Love & Friends Fund

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Notes to Financial Statements, continued

Year ended March 31, 2023

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 \$235,050 US (2022 - \$235,204 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 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.