

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Financial Statements
February 28, 2023

Federation of Ontario Naturalists
(Operating as Ontario Nature)
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For the year ended February 28, 2023

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Independent Auditor's Report

To the Members of Federation of Ontario Naturalists:

Opinion

We have audited the financial statements of Federation of Ontario Naturalists (the "Federation"), which comprise the statement of financial position as at February 28, 2023, and the statement of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at February 28, 2023, and the results of its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Federation in accordance with 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Federation'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 these 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 Federation'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 Federation'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 Federation 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.

We 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.

Mississauga, Ontario

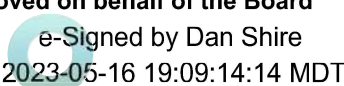
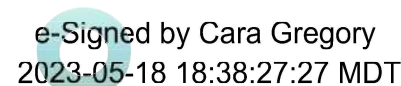
May 18, 2023

The image shows a handwritten signature in black ink that reads "MNP LLP". The letters are stylized and slanted to the right.

Chartered Professional Accountants

Licensed Public Accountants

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Statement of Financial Position
As at February 28, 2023

	2023	2022
Assets		
Current		
Cash	3,031,734	5,503,531
Investments (Note 3)	2,839,537	-
Accounts receivable (Note 4)	478,232	519,391
Prepaid expenses	21,026	70,959
	6,370,529	6,093,881
Easements (Note 5)	943,000	943,000
Capital assets (Note 6)	6,258,048	6,273,718
	13,571,577	13,310,599
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	265,121	104,080
Deferred revenue	54,719	12,980
Deferred grant contributions (Note 8)	2,006,292	2,054,030
	2,326,132	2,171,090
Commitments (Note 12)		
Fund Balances		
Invested in capital assets and easements	7,201,046	7,216,718
Operating	2,458,652	2,193,556
Restricted - Nature Trust/Nature Reserve	1,585,747	1,729,235
	11,245,445	11,139,509
	13,571,577	13,310,599
Approved on behalf of the Board		
 e-Signed by Dan Shire 2023-05-16 19:09:14:14 MDT	 e-Signed by Cara Gregory 2023-05-18 18:38:27:27 MDT	
Director	Director	

The accompanying notes are an integral part of these financial statements

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Statement of Operations

For the year ended February 28, 2023

	<i>Operating Fund</i>	<i>Nature Trust/Nature Reserve Fund</i>	2023	2022
Revenue				
Donations	1,467,100	-	1,467,100	1,356,332
Grants (Note 8)	1,665,072	-	1,665,072	886,279
Government assistance (Note 4)	46,559	-	46,559	544,696
Publication - "ON Nature"	206,696	-	206,696	226,052
Investment income	39,326	31,314	70,640	173,607
Bequests	469,269	-	469,269	663,921
Other income	25,298	-	25,298	39,571
	3,919,320	31,314	3,950,634	3,890,458
Expenses (Note 10)				
Conservation and education programs	2,329,727	69,257	2,398,984	1,722,269
Publication - "ON Nature"	272,718	-	272,718	278,962
Development	452,452	-	452,452	409,560
Public relations and communications	254,418	-	254,418	239,874
Administration	281,803	-	281,803	253,365
Rental properties and other	63,171	-	63,171	54,699
	3,654,289	69,257	3,723,546	2,958,729
Excess (deficiency) of revenue over expenses before other item	265,031	(37,943)	227,088	931,729
Loss on change in fair value of investments	(15,607)	(105,545)	(121,152)	-
Excess (deficiency) of revenue over expenses	249,424	(143,488)	105,936	931,729

The accompanying notes are an integral part of these financial statements

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Statement of Changes in Fund Balances
For the year ended February 28, 2023

	<i>Invested in Capital Assets and Easements</i>	<i>Operating Fund</i>	<i>Nature Trust/Nature Reserve Fund</i>	2023	2022
Fund balances, beginning of year	7,216,718	2,193,556	1,729,235	11,139,509	9,674,646
Excess (deficiency) of revenue over expenses	-	249,424	(143,488)	105,936	931,729
Amortization expense	(45,575)	45,575	-	-	-
Receipt of contributions for the acquisition of land	-	-	-	-	533,134
Acquisition of capital assets with operating funds	29,903	(29,903)	-	-	-
Fund balances, end of year	7,201,046	2,458,652	1,585,747	11,245,445	11,139,509

The accompanying notes are an integral part of these financial statements

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Statement of Cash Flows
For the year ended February 28, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	105,936	931,729
Amortization of capital assets	45,575	42,409
Change in unrealized loss on investments	121,153	-
	272,664	974,138
Changes in non-cash operating items		
Accounts receivable	41,159	(92,134)
Prepaid expenses	49,933	17,807
Accounts payable and accrued liabilities	161,039	(6,109)
Deferred revenue and grant contributions	(6,000)	655,951
	518,795	1,549,653
Financing		
Receipt of contributions for the acquisition of land	-	533,134
Investing		
Purchase of capital assets	(29,903)	(605,356)
(Purchase) sale of investments - net	(2,960,689)	2,740,527
	(2,990,592)	2,135,171
(Decrease) increase in cash	(2,471,797)	4,217,958
Cash, beginning of year	5,503,531	1,285,573
Cash, end of year	3,031,734	5,503,531

The accompanying notes are an integral part of these financial statements

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Notes to the Financial Statements
For the year ended February 28, 2023

1. Nature of the organization

The Federation of Ontario Naturalists (the "Federation") is a charitable organization registered under the Income Tax Act. In operation since 1931, the Federation's mission is to protect Ontario's wild species and wild spaces through conservation, education and public engagement.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASPNO") as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Federation follows the restricted fund method of accounting for contributions, and maintains two funds: Operating Fund and Nature Trust/Nature Reserve Fund.

The Operating Fund reports the Federation's unrestricted resources and general operations.

As a component of operations, the amount invested in capital assets and easements is segregated. It reflects the Federation's net investment in capital assets (net book value less any related capital grants and financing) and easements.

The Nature Trust/Nature Reserve Fund reflects the restricted income and expenses relating to the nature reserves maintained by the Federation.

Revenue recognition

The Federation uses the restricted fund method of accounting for contributions. Restricted contributions related to funds presented are recognized as revenue of the fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Operating Fund using the deferral method. That is, the restricted contribution is recognized as revenue as the qualifying expenses that fulfill the restriction are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on the same basis as the asset amortizes to expense. Contributions restricted for the purchase of capital assets that will not be amortized is recognized as a direct increase in net assets.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue in the Operating Fund when earned.

Publication subscriptions are recognized as revenue of the Operating Fund over the term of the subscription as the publication is issued.

Government assistance is recognized as revenue when received or receivable and the expenses for which it is intended are incurred.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Federation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Federation has not made such an election during the year.

All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Notes to the Financial Statements
For the year ended February 28, 2023

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Federation assesses impairment of all of its financial assets measured at cost or amortized cost. The Federation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Federation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Federation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Federation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess (deficiency) in the year the reversal occurs.

Capital assets

Capital assets are recorded at cost, or fair market value in case of donated property if fair value can be reasonably determined. Leasehold improvements are amortized over the lease term. Buildings, equipment and fixtures and computer equipment are amortized using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	20 years
Computer equipment	straight-line	3 years
Equipment	straight-line	5 years

Easements

Easements are stated at cost.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Federation's operations and would otherwise have been purchased.

The Federation receives the services of volunteers. The value of this contribution is not recognized in the financial statements as the fair value cannot be reasonably estimated.

Allocation of expenses

The Federation allocates its general support costs, including salaries and benefits, rent and other, to program expenses based on the estimated use of time and resources by the program. Allocations are reviewed regularly by management.

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Notes to the Financial Statements
For the year ended February 28, 2023

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. Salaries and benefits, rent and other general costs are allocated to programs based on estimated use of time and resources.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Investments

	2023	2022
Cash and short term investments	696,723	-
Fixed income fund	851,374	-
Equities fund	1,291,440	-
	2,839,537	-

Investment funds with investment managers are in pooled funds and include all unrealized gains and losses since the funds were invested. All distributions earned on pooled investments are reinvested. Fund balances are reviewed to ensure they are within an acceptable threshold as outlined in the Federation's approved investment policy.

4. Government assistance

The Federation received government assistance under the temporary Canada Emergency Wage Subsidy (CEWS) of \$Nil (2022 - \$412,442), Canada Emergency Rent Subsidy (CERS) of \$838 (2022 - \$58,449), Canada Recovery Hiring Program (CRHP) of \$31,105 (2022 - \$10,972) and Hardest Hit Business Recovery Program (HHBFP) of \$14,616 (2022 - \$62,833). These are temporary programs launched by the government in response to the pandemic to help organizations weather its effects on revenue and operations.

Included in accounts receivable at year end is \$Nil (2022 - \$174,991) of government assistance receivable.

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Notes to the Financial Statements
For the year ended February 28, 2023

5. Easements

A conservation easement is a legal agreement by which a landowner voluntarily restricts or limits the type and amount of development that may take place on his or her land to conserve its natural features. Once registered on title, the agreement runs with the title and binds all future owners.

The Federation has title to the following easements:

	2023	2022
Almack - Pickering, Ontario	293,000	293,000
Connell - Brockton, Ontario	600,000	600,000
Farber - Lansdowne, Ontario	50,000	50,000
	943,000	943,000

6. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	6,162,933	-	6,162,933	6,162,933
Buildings	299,742	240,152	59,590	61,454
Computer equipment	122,136	86,912	35,224	49,126
Equipment	7,153	6,852	301	205
	6,591,964	333,916	6,258,048	6,273,718

Buildings consist of a house and a barn in King Township.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes amounts due to governments of \$55,562 (2022 - \$41,691).

8. Deferred grant contributions

The grant contributions reported in the operating fund consists of grants received in the current period that is provided to fund expenditures relating to delivery of core programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the grant contributions are as follows:

	2023	2022
Balance, beginning of year	2,054,030	1,398,570
Amount received during the year	1,617,334	1,541,739
Less: Amount recognized as revenue during the year	(1,665,072)	(886,279)
Balance, end of year	2,006,292	2,054,030

Federation of Ontario Naturalists
(Operating as Ontario Nature)
Notes to the Financial Statements
For the year ended February 28, 2023

9. Credit Facility

The Federation has a line of credit of \$75,000 secured by a general security agreement. As at February 28, 2023, \$Nil (2022 - \$Nil) had been drawn on the facility.

10. Allocation of general support costs

The Federation has allocated its general support costs as follows:

	<i>Salaries and benefits</i>	<i>Rent and other</i>	2023	2022
Conservation and education programs	247,817	106,037	353,854	420,548
Publication - "ON Nature"	18,167	7,054	25,221	31,878
Development	32,307	28,668	60,975	70,336
Public relations and communications	39,704	16,583	56,287	58,942
Administration costs	31,143	27,659	58,802	123,164
	369,138	186,001	555,139	704,868

11. Guarantees

Indemnity has been provided to all directors and/or officers of the Federation for various items including, but not limited to, all costs to settle suits or actions due to their association with the Federation, subject to certain restrictions. The Federation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

12. Commitments

The Federation is committed to the following annual lease payments for office space and office equipment as follows:

2024	14,486
2025	10,789
2026	10,789
2027	10,789
2028	8,879
Thereafter	3,484
	59,216

13. Financial Instruments

The Federation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Federation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

The Federation is exposed to interest rate risk with respect to its investments. Changes in the prime interest rate will have a positive or negative impact on the Federation's investment income. Such exposure will increase accordingly should the Federation maintain higher levels of investments in the future.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Federation's investment policy defines permitted investments and provides guidelines and restrictions on acceptable investments, which minimizes credit risk.

Foreign Exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Federation invests in foreign equities and is therefore directly exposed to currency risk as the value of equities denominated in other currencies will fluctuate due to changes in exchange rates.