

**THE NATURE TRUST OF NEW BRUNSWICK, INC.**

**FINANCIAL STATEMENTS**

**APRIL 30, 2017**

**(UNAUDITED)**

August 9, 2017

**REVIEW ENGAGEMENT REPORT**

To the Board of Trustees of The Nature Trust of New Brunswick, Inc.

We have reviewed the statement of financial position of The Nature Trust of New Brunswick, Inc. as at April 30, 2017 and the statements of revenue and expenses, changes in net assets 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 organization.

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

Based on our review, 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

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****STATEMENT OF FINANCIAL POSITION****APRIL 30, 2017****(UNAUDITED)**

	<b>General Operating Fund</b>	<b>Stewardship Fund</b>	<b>Endowment Fund</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>ASSETS:</b>					
Current:					
Cash	\$ 78,351	\$ 11,440	\$ 1,829	\$ 91,620	\$ 328,191
Short-term investments (note 4)	150,000	-	-	150,000	200,000
Accounts receivable	50,415	2,893	17,816	71,124	42,856
Unbilled costs	19,095	-	-	19,095	5,131
Prepaid expenses	<u>6,337</u>	<u>-</u>	<u>-</u>	<u>6,337</u>	<u>5,241</u>
	<u>304,198</u>	<u>14,333</u>	<u>19,645</u>	<u>338,176</u>	<u>581,419</u>
Interfund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,363</u>
Investments (note 5)	<u>-</u>	<u>685,177</u>	<u>1,413,913</u>	<u>2,099,090</u>	<u>1,322,068</u>
Capital assets (note 3)	<u>1,982</u>	<u>-</u>	<u>-</u>	<u>1,982</u>	<u>3,141</u>
Conservation lands/easements (note 4)	<u>8,576,797</u>	<u>-</u>	<u>-</u>	<u>8,576,797</u>	<u>8,234,572</u>
	<u>\$ 8,882,977</u>	<u>\$ 699,510</u>	<u>\$ 1,433,558</u>	<u>\$ 11,016,045</u>	<u>\$ 10,230,563</u>
<b>LIABILITIES:</b>					
Current:					
Accounts payable & accrued liabilities (note 6)	\$ 55,374	\$ -	\$ -	\$ 55,374	\$ 35,569
Deferred revenue	<u>33,014</u>	<u>-</u>	<u>-</u>	<u>33,014</u>	<u>178,795</u>
	<u>88,388</u>	<u>-</u>	<u>-</u>	<u>88,388</u>	<u>214,364</u>
Interfund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,363</u>
total liabilities	<u>88,388</u>	<u>-</u>	<u>-</u>	<u>88,388</u>	<u>303,727</u>
<b>NET ASSETS:</b>					
Unrestricted (note 7)	215,810	-	-	215,810	157,476
Invested in capital assets	1,982	-	-	1,982	3,141
Invested in conservation lands/easements (note 4)	8,576,797	-	-	8,576,797	8,234,572
Stewardship Fund (note 8)	-	699,510	-	699,510	698,710
Endowment Fund (note 9)	<u>-</u>	<u>-</u>	<u>1,433,558</u>	<u>1,433,558</u>	<u>832,937</u>
	<u>8,794,589</u>	<u>699,510</u>	<u>1,433,558</u>	<u>10,927,657</u>	<u>9,926,836</u>
	<u>\$ 8,882,977</u>	<u>\$ 699,510</u>	<u>\$ 1,433,558</u>	<u>\$ 11,016,045</u>	<u>\$ 10,230,563</u>
On behalf of the Board:					
Trustee: _____					

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED APRIL 30, 2017**

(UNAUDITED)

	<b>General Operating Fund</b>	<b>Stewardship Fund</b>	<b>Endowment Fund</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>Revenue:</b>					
Donations, grants and contracts	\$ 1,421,708	\$ -	\$ 5,555	\$ 1,427,263	\$ 517,612
Donations-in-kind (note 4)	78,790	1,052	-	79,842	160,783
Fundraising and miscellaneous	12,986	-	-	12,986	23,532
Investment income	1,892	18,123	29,877	49,892	47,304
Change in market value of investments	<u>-</u>	<u>42,856</u>	<u>71,654</u>	<u>114,510</u>	<u>-</u>
	<u>1,515,376</u>	<u>62,031</u>	<u>107,086</u>	<u>1,684,493</u>	<u>749,231</u>
<b>Expenses:</b>					
Amortization	1,159	-	-	1,159	1,490
Board meetings	1,044	-	-	1,044	1,282
Conferences, workshops and travel	51,908	-	-	51,908	26,143
Fundraising and miscellaneous	5,623	-	-	5,623	4,380
Insurance	6,954	-	-	6,954	5,639
Interest, bank charges and broker fees	2,941	319	619	3,879	1,802
Office and computer expenses	28,025	-	-	28,025	13,188
Postage	3,651	-	-	3,651	3,097
Professional fees	65,854	-	-	65,854	59,611
Projects, sites and preserves (note 4)	345,479	-	-	345,479	133,629
Property taxes	14,337	-	-	14,337	134
Rent	9,989	-	-	9,989	9,929
Subcontract	38,424	-	-	38,424	21,332
Telephone and utilities	10,974	-	-	10,974	4,402
Wages and benefits	438,597	-	-	438,597	358,508
Change in market value of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,391</u>
	<u>1,024,959</u>	<u>319</u>	<u>619</u>	<u>1,025,897</u>	<u>708,957</u>
<b>Excess of revenue over expenses for the year</b>	<u>\$ 490,417</u>	<u>\$ 61,712</u>	<u>\$ 106,467</u>	<u>\$ 658,596</u>	<u>\$ 40,274</u>

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED APRIL 30, 2017****(UNAUDITED)**

	<b><u>Unrestricted</u></b>	<b><u>Invested in Capital Assets</u></b>	<b><u>Invested in Conservation Lands/Easements</u></b>	<b><u>Stewardship Fund</u></b>	<b><u>Endowment Fund</u></b>	<b><u>Total 2017</u></b>	<b><u>Total 2016</u></b>
Balance, beginning of year	\$ 157,476	\$ 3,141	\$ 8,234,572	\$ 698,710	\$ 832,937	\$ 9,926,836	\$ 9,765,370
Excess of revenue over expenses for the year	490,417	-	-	61,712	106,467	658,596	40,274
Amortization of capital assets	1,159	(1,159)	-	-	-	-	-
Additions to capital assets	-	-	-	-	-	-	-
Acquisition of conservation lands/easements (note 4)	-	-	342,225	-	-	342,225	121,192
Transfers	<u>(433,242)</u>	<u>-</u>	<u>-</u>	<u>(60,912)</u>	<u>494,154</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 215,810</u>	<u>\$ 1,982</u>	<u>\$ 8,576,797</u>	<u>\$ 699,510</u>	<u>\$ 1,433,558</u>	<u>\$10,927,657</u>	<u>\$ 9,926,836</u>

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED APRIL 30, 2017****(UNAUDITED)**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>CASH GENERATED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses for the year	\$ 658,596	\$ 40,274
Items not requiring a cash outlay:		
Amortization	1,159	1,490
Change in market value of investments	<u>(114,510)</u>	<u>64,391</u>
	545,245	106,155
Net change in current assets and liabilities other than cash and short-term investments (note 10)	<u>(169,304)</u>	<u>155,702</u>
	<u>375,941</u>	<u>261,857</u>
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in short-term investments	50,000	(200,000)
Additions to investments	(2,160,633)	(198,765)
Proceeds on disposal of investments	1,498,121	124,559
Additions to capital assets	<u>-</u>	<u>(1,225)</u>
	<u>(612,512)</u>	<u>(275,431)</u>
<b>(DECREASE) IN CASH, in the year</b>	(236,571)	(13,574)
<b>Cash, beginning of year</b>	<u>328,191</u>	<u>341,765</u>
<b>Cash, end of year</b>	<u>\$ 91,620</u>	<u>\$ 328,191</u>

**THE NATURE TRUST OF NEW BRUNSWICK, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2017**

**(UNAUDITED)**

**1. The organization:**

The organization is a registered charity under the Canadian Income Tax Act. The full official name of the organization per the letters patent is "The Nature Trust of New Brunswick Inc./La Fondation pour la protection des sites naturels du Nouveau-Brunswick Inc." Its primary purpose is the identification, preservation, and protection of sensitive ecological areas of scientific and historical interest for New Brunswick.

**2. Significant accounting policies:**

**(a) Basis of accounting -**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

The organization uses fund accounting whereby the activities of specific funds are shown separately, as follows:

The Stewardship Fund includes property stewardship investment activities. \$169,508 of the net assets of this Fund are externally restricted and the balance is internally restricted.

The Endowment Fund includes endowment contributions, donor-directed contributions and bequests, proceeds from sales of land/assets and two-thirds of various other unrestricted donations as determined by the Board of Trustees. Investment income earned in this Fund is recorded as revenue, and remains in the Fund until a minimum "capital base" of \$750,000 is achieved. \$20,586 of the net assets of the Fund are externally restricted and the balance is internally restricted and requires approval of the Board of Trustees before withdrawal or transfer out.

The General Operating Fund includes property stewardship operations and all other activities of the organization. The net assets of this Fund (excluding amounts invested in capital assets and conservation lands/easements) are unrestricted.

**(b) Cash -**

Cash includes cash on hand and cash balances with banks and investment brokers.

**(c) Investments -**

Investments are recorded at fair value (determined by quoted market value).

**(d) Capital assets -**

Capital assets are recorded at cost. Provision for amortization is made utilizing the declining balance method at annual rates of 45% (computer equipment) and 20% (all other equipment) respectively. One half of annual rates are applied for current year additions.

**THE NATURE TRUST OF NEW BRUNSWICK, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**APRIL 30, 2017**

**(UNAUDITED)**

**2. Significant accounting policies (continued):**

**(e) Conservation lands/easements -**

Donated conservation lands and easements are recorded at fair value when title or interest is transferred to the organization. The contributions are recorded as revenue and expenses and also as an asset, offset by Net Assets Invested in Conservation Lands/Easements. The fair market value of donated conservation lands/easements is subject to review by regulatory authorities and may be adjusted. The carrying value of conservation lands/easements recorded on the statement of financial position is changed to reflect any adjustments, offset by a change in the Net Assets Invested in Conservation Lands/Easements balance.

Purchased conservation lands/easements are recorded at cost when title or interest is transferred to the organization. The purchases are recorded as an asset offset by an increase in Net Assets Invested in Conservation Lands/Easements. In addition, the current year purchases are recorded as an expense within the "projects, sites and preserves" expense category on the statement of revenue and expenses.

**(f) Revenue recognition -**

The organization defines contributions revenue as revenue from grants and donations.

The organization follows the deferral method of accounting for contributions revenue. Contract/project revenue and restricted contributions are recognized as revenue of the appropriate Fund in the year in which the related expenses are incurred. Unrestricted contributions and investment income are recognized as revenue of the appropriate Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets of the Endowment Fund and/or Stewardship Fund, as appropriate.

Change in market value of investments in the statement of revenue and expenses consists of realized and unrealized gains and losses for the investments in the fiscal year.

**(g) Donations-in-kind -**

Donations-in-kind are recorded at the estimated fair market value of the item received.

**(h) Donated services -**

The value of donated services provided to the organization such as volunteer work is not recorded in the accounts.

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2017****(UNAUDITED)****2. Significant accounting policies (continued):****(i) Use of estimates -**

In preparing the organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**3. Capital assets:**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Equipment	\$ <u>25,134</u>	\$ <u>23,152</u>	\$ <u>1,982</u>	\$ <u>3,141</u>

**4. Conservation lands/easements and donations-in-kind:**

The organization owns several property sites, preserves, and easements, the costs of which have been expensed as incurred. The organization also leases five sites (Hyla Park, Shea Lake, Beardsley Hill, Ferris Street, and PID 1560226).

During 2017, the organization acquired four properties with a total appraised value of \$74,100 by donations-in-kind. The organization also purchased three properties for a total purchase price of \$268,125.

The organization also received 2017 donations-in-kind of shares (in public companies) at quoted fair value \$1,052 (2016 - \$37,869), items donated for a fund-raising auction of fair value \$2,605 (2016 - \$ 1,722) and other donations-in-kind (office furniture etc.) of fair value \$2,085.

During 2016, the organization acquired four properties with a total appraised value of \$121,192 by donations-in-kind.

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2017****(UNAUDITED)****5. Investments:**

The organization has fixed income investments, mutual funds, foreign securities, and equity investments with Canadian banks/investment brokers.

	<b><u>Internally Restricted</u></b>	<b><u>Externally Restricted</u></b>	<b><u>April 30, 2017 Total</u></b>
Foreign security investments (Stewardship Fund)	\$ 176,879	\$ -	\$ 176,879
Foreign security investments (Endowment Fund)	376,251	-	376,251
Mutual fund investments (Endowment Fund)	85,914	20,586	106,500
Equity investments (Stewardship Fund)	224,735	-	224,735
Equity investments (Endowment Fund)	453,595	-	453,595
Fixed income investments (Endowment Fund)	477,567	-	477,567
Fixed income investments (Stewardship Fund)	87,805	195,758	283,563
Fixed income investments (General Operating Fund)	<u>150,000</u>	<u>-</u>	<u>150,000</u>
	<b><u>\$ 2,032,746</u></b>	<b><u>\$ 216,344</u></b>	<b><u>\$ 2,249,090</u></b>

The \$477,567 fixed income investments of the Endowment Fund includes two market-rate guaranteed investment certificates totalling \$76,607 whose eventual rate of return will be determined by calculations based on the performance of the market trading index. Maturity dates are in February 2018 and December 2019.

The organization has established policies for management of its investments.

The organization's investment strategy is designed to maintain an investment portfolio of high quality "green" financial assets.

The fair value of the investments is subject to fluctuations of the corresponding public financial instrument trading index. Accrued interest of \$6,189 on the fixed income investments is included with accounts receivable.

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2017****(UNAUDITED)****6. Accounts payable and accrued liabilities:**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Payroll deductions payable	\$ 8,568	\$ 9,429
Other amounts	<u>46,806</u>	<u>26,140</u>
	<b><u>\$ 55,374</u></b>	<b><u>\$ 35,569</u></b>

**7. Unrestricted net assets:**

A portion of this balance includes surpluses and/or deficits from funds received from government agencies. Such surpluses/deficits may be subject to repayment or recovery by the government agencies depending on the terms and conditions of the relevant agreements.

**8. Stewardship Fund Net Assets:**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Amount classified as externally restricted endowment for stewardship of the South Wolf Island property. Annual investment income earned on this amount is to be used only for land stewardship purposes and, if unspent within five calendar years, is to be added to the principal.	\$ 63,750	\$ 63,750
Amount classified as externally restricted endowment for stewardship of the Kingston Family Nature Preserve property. Annual investment income earned on this amount is to be used only for land stewardship purposes.	14,000	14,000
Amount classified as externally restricted amount available for stewardship of the Seven Day Work Cliff property.	16,758	16,758
Amount classified as externally restricted amount available for stewardship of the Middle Island property.	15,000	-
Amount classified as externally restricted amount available for stewardship of the Mapleton property.	11,250	-
Other externally restricted endowment for stewardship activities, such amount to be held in the Fund until December 2019.	75,000	75,000
Internally restricted amounts for stewardship activities.	<u>503,752</u>	<u>529,202</u>
	<b><u>\$ 699,510</u></b>	<b><u>\$ 698,710</u></b>

**THE NATURE TRUST OF NEW BRUNSWICK, INC.****NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2017****(UNAUDITED)****9. Endowment Fund:**

	<b><u>2017</u></b>	<b><u>2016</u></b>
Externally restricted amount received for funding Lieutenant Governor award.	\$ 20,586	\$ 15,031
Internally restricted amounts which can be transferred to Unrestricted net assets with approval of Board of Trustees.	<u>1,412,972</u>	<u>817,906</u>
	<b><u>\$ 1,433,558</u></b>	<b><u>\$ 832,937</u></b>

The organization established an Endowment Fund in October 1998. Donor-directed donations and directed bequests (totaling \$73,383) were to be held in the Fund for a minimum of 10 years, such period having expired October 2008.

**10. Net change in current assets and liabilities other than cash and short-term investments:**

	<b><u>2017</u></b>	<b><u>2016</u></b>
(Increase) decrease in accounts receivable	\$ (28,268)	\$ 2,244
(Increase) in unbilled costs	(13,964)	(5,131)
(Increase) decrease in prepaid expenses	(1,096)	292
Increase (decrease) in accounts payable and accrued liabilities	19,805	(2,988)
Increase (decrease) in deferred revenue	<u>(145,781)</u>	<u>161,285</u>
	<b><u>\$ (169,304)</u></b>	<b><u>\$ 155,702</u></b>

**11. Lease commitment:**

The organization leases equipment under an operating lease which expires in 2020. Future minimum payments, (excluding HST) by year and in aggregate, are as follows:

2018	\$ 1,100
2019	1,100
2020	<u>500</u>
	<b><u>\$ 2,700</u></b>

THE NATURE TRUST OF NEW BRUNSWICK, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

(UNAUDITED)

**12. Financial instruments:**

**Measurement of financial instruments –**

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost except investments which are measured at quoted market value. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down (reversal) is recognized in the excess of revenue (expenses) for the year in the Statement of Revenue and Expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously.

**Credit risk –**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization can be exposed to credit risk from funding agencies. In order to reduce its credit risk, the organization reviews a funding agency's terms before signing the corresponding agreement(s). An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

**Market risk –**

A significant portion of the organization's investments are quoted in an active market and therefore are subject to market rates. Market fluctuation could lead to changes in valuations of these investments.

**Liquidity risk –**

Liquidity risk is the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due.

The organization mitigates its liquidity risk by preparing an annual budget for operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.