

THE NATURE TRUST OF NEW BRUNSWICK, INC.

FINANCIAL STATEMENTS

APRIL 30, 2021

(UNAUDITED)

Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA CLAUDE LEGER, CPA, CA
RON W. SAUNTRY, CPA, CA

August 31, 2021

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of The Nature Trust of New Brunswick, Inc. that comprise the statement of financial position as at April 30, 2021, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Nature Trust of New Brunswick, Inc. as at April 30, 2021, 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.

Shannon & Buffett LLP

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THE NATURE TRUST OF NEW BRUNSWICK, INC.

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2021

(UNAUDITED)

	<u>General Operating Fund</u>	<u>Stewardship Fund</u>	<u>Endowment Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
ASSETS:					
Current:					
Cash	\$ 220,834	\$ 17,240	\$ 147,730	\$ 385,804	\$ 143,603
Short-term investments	-	-	-	-	150,000
Accounts receivable	174,968	7,562	8,081	190,611	187,403
Inventory of land	21,000	-	-	21,000	21,000
Unbilled costs	216,842	-	-	216,842	20,184
Prepaid expenses	<u>9,495</u>	-	-	<u>9,495</u>	<u>10,919</u>
	643,139	24,802	155,811	823,752	533,109
Interfund balances	-	1,525	2,574	4,099	2,911
Investments (note 5)	-	<u>1,713,227</u>	<u>2,105,210</u>	<u>3,818,437</u>	<u>3,260,202</u>
Capital assets (note 3)	<u>23,836</u>	-	-	<u>23,836</u>	<u>30,172</u>
Conservation lands/easements (note 4)	<u>13,275,197</u>	-	-	<u>13,275,197</u>	<u>11,321,197</u>
	<u>\$ 13,942,172</u>	<u>\$ 1,739,554</u>	<u>\$ 2,263,595</u>	<u>\$ 17,945,321</u>	<u>\$ 15,147,591</u>
LIABILITIES:					
Current:					
Accounts payable & accrued liabilities (note 6)	\$ 79,062	-	-	\$ 79,062	\$ 54,726
Deferred revenue	<u>32,787</u>	-	-	<u>32,787</u>	<u>85,674</u>
Interfund balances	<u>111,849</u>	-	-	<u>111,849</u>	<u>140,400</u>
	<u>4,099</u>	-	-	<u>4,099</u>	<u>2,911</u>
	<u>115,948</u>	-	-	<u>115,948</u>	<u>143,311</u>
NET ASSETS:					
total liabilities					
Unrestricted (note 7)	527,191	-	-	527,191	339,807
Invested in capital assets	<u>23,836</u>	-	-	<u>23,836</u>	<u>30,172</u>
Invested in conservation lands/easements (note 4)	<u>13,275,197</u>	-	-	<u>13,275,197</u>	<u>11,321,197</u>
Stewardship Fund (note 8)	-	<u>1,739,554</u>	-	<u>1,739,554</u>	<u>1,360,449</u>
Endowment Fund (note 9)	-	-	<u>2,263,595</u>	<u>2,263,595</u>	<u>1,952,655</u>
	<u>13,826,224</u>	<u>1,739,554</u>	<u>2,263,595</u>	<u>17,829,373</u>	<u>15,004,280</u>
	<u>\$ 13,942,172</u>	<u>\$ 1,739,554</u>	<u>\$ 2,263,595</u>	<u>\$ 17,945,321</u>	<u>\$ 15,147,591</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, 2021

(UNAUDITED)

	General Operating Fund	Stewardship Fund	Endowment Fund	Total 2021	Total 2020
Revenue:					
Donations, grants and contracts	\$ 2,678,443	\$ 4,019	\$ -	\$ 2,682,462	\$ 2,565,772
Donations-in-kind (note 4)	354,600	82,575	-	437,175	304,281
Miscellaneous	12,216	-	-	12,216	7,362
Land sales	-	-	-	-	9,000
Forgiveness of debt	20,000	-	-	20,000	-
Investment income	541	36,059	47,347	83,947	102,763
Change in market value of investments	-	247,105	351,447	598,552	-
	<u>3,065,800</u>	<u>369,758</u>	<u>398,794</u>	<u>3,834,352</u>	<u>2,989,178</u>
Expenses:					
Amortization	9,121	-	-	9,121	9,140
Board meetings	1,136	-	-	1,136	5,756
Conferences, workshops and travel	55,771	-	-	55,771	53,887
Fundraising and miscellaneous	510	-	-	510	-
Insurance	7,716	-	-	7,716	7,237
Interest, bank charges and broker fees	9,442	7,129	9,895	26,466	20,574
Office and computer expenses	40,550	-	-	40,550	48,146
Postage	10,496	-	-	10,496	5,507
Professional services	72,784	-	-	72,784	64,858
Projects, sites and preserves (note 4)	1,967,546	-	-	1,967,546	1,562,727
Property taxes	12,120	-	-	12,120	2,329
Rent	50,433	-	-	50,433	41,606
Subcontract	60,860	-	-	60,860	131,073
Telephone and utilities	9,203	-	-	9,203	9,844
Unbilled costs adjustment	(196,658)	-	-	(196,658)	74,201
Wages and benefits	835,205	-	-	835,205	725,313
Change in market value of investments	-	-	-	-	53,531
	<u>2,946,235</u>	<u>7,129</u>	<u>9,895</u>	<u>2,963,259</u>	<u>2,815,729</u>
Excess of revenue over expenses for the year	<u>\$ 119,565</u>	<u>\$ 362,629</u>	<u>\$ 388,899</u>	<u>\$ 871,093</u>	<u>\$ 173,449</u>

STATEMENT 3

THE NATURE TRUST OF NEW BRUNSWICK, INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2021

(UNAUDITED)

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Invested in Conservation Lands/Easements</u>	<u>Stewardship Fund</u>	<u>Endowment Fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
Balance, beginning of year	\$ 339,807	\$ 30,172	\$11,321,197	\$ 1,360,449	\$ 1,952,655	\$15,004,280	\$13,280,331
Excess of revenue over expenses for the year	119,565	-	-	362,629	388,899	871,093	173,449
Amortization of capital assets	9,121	(9,121)	-	-	-	-	-
Additions to capital assets	(2,785)	2,785	-	-	-	-	-
Acquisition/disposal of conservation lands/easements (note 4)	-	-	1,954,000	-	-	1,954,000	1,550,500
Transfers	<u>61,483</u>	-	-	<u>16,476</u>	<u>(77,959)</u>	-	-
Balance, end of year	<u>\$ 527,191</u>	<u>\$ 23,836</u>	<u>\$13,275,197</u>	<u>\$ 1,739,554</u>	<u>\$ 2,263,595</u>	<u>\$17,829,373</u>	<u>\$15,004,280</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED APRIL 30, 2021****(UNAUDITED)**

	<u>2021</u>	<u>2020</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue over expenses for the year	\$ 871,093	\$ 173,449
Items not requiring a cash outlay:		
Amortization	9,121	9,140
Change in market value of investments	<u>(598,552)</u>	<u>53,531</u>
	281,662	236,120
Net change in current assets and liabilities other than cash and short-term investments (note 10)	<u>(226,993)</u>	<u>(25,340)</u>
	<u>54,669</u>	<u>210,780</u>
INVESTING ACTIVITIES:		
(Increase) decrease in short-term investments	150,000	(150,000)
Additions to investments	(878,190)	(537,259)
Proceeds on disposal of investments	918,507	505,645
Additions to capital assets	(2,785)	(24,547)
Proceeds on disposal of capital assets	<u>-</u>	<u>12,042</u>
	<u>187,532</u>	<u>(194,119)</u>
INCREASE IN CASH, in the year	242,201	16,661
Cash, beginning of year	<u>143,603</u>	<u>126,942</u>
Cash, end of year	<u>\$ 385,804</u>	<u>\$ 143,603</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(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.

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

The Stewardship Fund includes property stewardship investment activities. \$158,758 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. \$21,732 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) Inventory of land -

Inventory of land held for resale/transfer is recorded at fair value at time of acquisition.

(d) Investments -

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

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(UNAUDITED)****2. Significant accounting policies (continued):****(e) 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.

(f) 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.

(g) 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.

(h) Donations-in-kind -

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

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(UNAUDITED)****2. Significant accounting policies (continued):****(i) Donated services -**

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

(j) 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>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Equipment	\$ <u>66,046</u>	\$ <u>42,210</u>	\$ <u>23,836</u>	\$ <u>30,172</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 three sites (Hyla Park, Shea Lake, Beardsley Hill) and licenses one site (Ferris Street).

During 2021, the organization acquired three properties with a total carrying value of \$354,100 by donations-in-kind. The organization also purchased five other properties for a total purchase price of \$1,599,900.

The organization also received 2021 donations-in-kind of shares (in public companies) at quoted fair value \$82,575 (2020 - \$50,281) and items for auction at fair value \$500.

During 2020, the organization acquired three properties (and a portion of one other property) with a total carrying value of \$254,000 by donations-in-kind. The organization also purchased one property (and a portion of one other property) for a total purchase price of \$1,307,000. The organization also disposed of one property, carrying value \$10,500, for proceeds \$9,000.

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(UNAUDITED)****5. Investments:**

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

	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>April 30, 2021 Total</u>
Foreign security investments (Stewardship Fund)	\$ 637,034	\$ -	\$ 637,034
Foreign security investments (Endowment Fund)	783,800	-	783,800
Equity investments (Stewardship Fund)	640,660	-	640,660
Equity investments (Endowment Fund)	755,018	-	755,018
Fixed income investments (Endowment Fund)	544,660	21,732	566,392
Fixed income investments (Stewardship Fund)	<u>276,775</u>	<u>158,758</u>	<u>435,533</u>
	<u>\$ 3,637,947</u>	<u>\$ 180,490</u>	<u>\$ 3,818,437</u>

The organization has established policies for management of its investments.

The organization's investment strategy is designed to maintain an investment portfolio with socially responsible investing.

The fair value of the investments is subject to fluctuations of the corresponding public financial instrument trading index. Accrued interest of \$15,643 on the fixed income investments is included with accounts receivable.

6. Accounts payable and accrued liabilities:

	<u>2021</u>	<u>2020</u>
Payroll deductions payable	\$ 21,222	\$ 13,555
HST payable	-	1,350
Other amounts	<u>57,840</u>	<u>39,821</u>
	<u>\$ 79,062</u>	<u>\$ 54,726</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(UNAUDITED)****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:

	<u>2021</u>	<u>2020</u>
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	15,000
Amount classified as externally restricted amount available for stewardship of the Mapleton property.	11,250	11,250
Amount classified as externally restricted amount available for stewardship of the Caughey-Taylor property.	15,000	15,000
Amount classified as externally restricted amount available for stewardship of the Long Island property.	15,000	15,000
Amount classified as externally restricted amount available for stewardship of the Long Island property.	8,000	8,000
Internally restricted amounts for stewardship activities.	<u>1,580,796</u>	<u>1,201,691</u>
	<u>\$ 1,739,554</u>	<u>\$ 1,360,449</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(UNAUDITED)****9. Endowment Fund:**

	<u>2021</u>	<u>2020</u>
Externally restricted amounts received for funding Lieutenant Governor award.	\$ 21,732	\$ 21,732
Internally restricted amounts which can be transferred to Unrestricted net assets with approval of Board of Trustees.	<u>2,241,863</u>	<u>1,930,923</u>
	<u>\$ 2,263,595</u>	<u>\$ 1,952,655</u>

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

	<u>2021</u>	<u>2020</u>
(Increase) in accounts receivable	\$ (3,208)	\$ (143,197)
(Increase) decrease in unbilled costs	(196,658)	74,201
(Increase) decrease in prepaid expenses	1,424	(608)
Increase in accounts payable and accrued liabilities	24,336	4,365
Increase (decrease) in deferred revenue	<u>(52,887)</u>	<u>39,899</u>
	<u>\$ (226,993)</u>	<u>\$ (25,340)</u>

11. Lease commitments:

The organization leases equipment and premises under operating leases which expire in the 2025 fiscal year-end. Future minimum payments, (excluding HST) by year and in aggregate, are approximately as follows:

2022	\$ 47,400
2023	47,400
2024	47,400
2025	<u>5,400</u>
	<u>\$ 147,600</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2021****(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 significant 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.

THE NATURE TRUST OF NEW BRUNSWICK, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2021

(UNAUDITED)

13. Significant event:

A worldwide health pandemic, possibly originating in late 2019 and reaching Canada early in 2020, has caused multiple jurisdictions around the world (including the Province of New Brunswick) to declare a state of emergency and impose various severe restrictions and measures. Potential impacts include disruptions and/or restrictions on employees' ability to work, restructuring of organization activities, financial hardship of the organization's members/donors, market volatility with potential significant effects on investments, and changes to the daily operating environment. These impacts may continue for some time and may result in increased operating costs to stay in accordance with imposed Provincial restrictions and decreases in revenue and/or delays in earning revenue and collecting receivables. The future effects of this pandemic are unknown and no attempt has been made to adjust reported 2021 balances that may ultimately be affected.