

THE NATURE TRUST OF NEW BRUNSWICK, INC.

FINANCIAL STATEMENTS

APRIL 30, 2023

(UNAUDITED)

Shannon & Buffett, LLP

Chartered Professional Accountants

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

September 12, 2023

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, 2023, 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, 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.

Shannon & Buffett LLP

Chartered Professional Accountants

THE NATURE TRUST OF NEW BRUNSWICK, INC.

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2023

(UNAUDITED)

	General Operating Fund	Stewardship Fund	Endowment Fund	Total 2023	Total 2022
ASSETS:					
Current:					
Cash	\$ 195,067	\$ 227,860	\$ 42,658	\$ 465,585	\$ 472,172
Accounts receivable	601,639	11,993	7,967	621,599	111,229
Inventory of land	21,000	-	-	21,000	21,000
Unbilled costs	11,179	-	-	11,179	52,081
Prepaid expenses	11,436	-	-	11,436	11,684
	<u>840,321</u>	<u>239,853</u>	<u>50,625</u>	<u>1,130,799</u>	<u>668,166</u>
Interfund balances	-	700	5,960	6,660	5,456
Investments (note 5)	3,814	1,787,621	1,892,704	3,684,139	3,727,126
Capital assets (note 3)	27,691	-	-	27,691	33,992
Conservation lands/easements (note 4)	15,159,822	-	-	15,159,822	13,897,272
	<u>\$ 16,031,648</u>	<u>\$ 2,028,174</u>	<u>\$ 1,949,289</u>	<u>\$ 20,009,111</u>	<u>\$ 18,332,012</u>
LIABILITIES:					
Current:					
Accounts payable & accrued liabilities (note 6)	\$ 77,915	-	-	\$ 77,915	\$ 75,290
Deferred revenue	165,247	-	-	165,247	51,687
	<u>243,162</u>	<u>-</u>	<u>-</u>	<u>243,162</u>	<u>126,977</u>
Interfund balances	6,660	-	-	6,660	5,456
	<u>249,822</u>	<u>-</u>	<u>-</u>	<u>249,822</u>	<u>132,433</u>
total liabilities					
NET ASSETS:					
Unrestricted (note 7)	594,313	-	-	594,313	567,248
Invested in capital assets	27,691	-	-	27,691	33,992
Invested in conservation lands/easements (note 4)	15,159,822	-	-	15,159,822	13,897,272
Stewardship Fund (note 8)	-	2,028,174	-	2,028,174	1,770,039
Endowment Fund (note 9)	-	-	1,949,289	1,949,289	1,931,028
	<u>15,781,826</u>	<u>2,028,174</u>	<u>1,949,289</u>	<u>19,759,289</u>	<u>18,199,579</u>
	<u>\$ 16,031,648</u>	<u>\$ 2,028,174</u>	<u>\$ 1,949,289</u>	<u>\$ 20,009,111</u>	<u>\$ 18,332,012</u>

On behalf of the Board:

Trustee: _____

Shannon & Buffett, LLP
Chartered Professional Accountants

THE NATURE TRUST OF NEW BRUNSWICK, INC.

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 2023

(UNAUDITED)

	General Operating Fund	Stewardship Fund	Endowment Fund	Total 2023	Total 2022
Revenue:					
Donations, grants and contracts	\$ 2,279,827	\$ -	\$ 40,424	\$ 2,320,251	\$ 2,459,382
Donations-in-kind (note 4)	937,000	50,959	-	987,959	83,592
Land lease	1,336	-	-	1,336	-
Land sales	-	-	-	-	12,000
Investment income	8,336	48,530	50,480	107,346	92,192
Change in market value of investments	-	9,938	13,323	23,261	-
	<u>3,226,499</u>	<u>109,427</u>	<u>104,227</u>	<u>3,440,153</u>	<u>2,647,166</u>
Expenses:					
Amortization	11,056	-	-	11,056	10,255
Board meetings	5,097	-	-	5,097	1,233
Conferences, workshops and travel	82,300	-	-	82,300	52,014
Insurance	8,599	-	-	8,599	8,327
Interest, bank charges and broker fees	5,904	8,292	8,966	23,162	26,773
Office and computer expenses	43,752	-	-	43,752	45,274
Postage	4,764	-	-	4,764	6,267
Professional services	104,004	-	-	104,004	82,827
Projects, sites and preserves (note 4)	1,262,550	-	-	1,262,550	633,800
Property taxes	8,398	-	-	8,398	83
Rent	51,958	-	-	51,958	51,736
Subcontract	532,006	-	-	532,006	794,668
Telephone and utilities	16,108	-	-	16,108	12,231
Unbilled costs adjustment	40,902	-	-	40,902	164,761
Wages and benefits	948,337	-	-	948,337	920,875
Change in market value of investments	-	-	-	-	87,911
	<u>3,125,735</u>	<u>8,292</u>	<u>8,966</u>	<u>3,142,993</u>	<u>2,899,035</u>
Excess of revenue (expenses) for the year	<u>\$ 100,764</u>	<u>\$ 101,135</u>	<u>\$ 95,261</u>	<u>\$ 297,160</u>	<u>\$ (251,869)</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2023

(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 2023</u>	<u>Total 2022</u>
Balance, beginning of year	\$ 567,248	\$ 33,992	\$ 13,897,272	\$ 1,770,039	\$ 1,931,028	\$ 18,199,579	\$ 17,829,373
Excess of revenue (expenses) for the year	100,764	-	-	101,135	95,261	297,160	(251,869)
Amortization of capital assets	11,056	(11,056)	-	-	-	-	-
Additions to capital assets	(4,755)	4,755	-	-	-	-	-
Acquisition/disposal of conservation lands/easements (note 4)	-	-	1,262,550	-	-	1,262,550	622,075
Transfers	(80,000)	-	-	157,000	(77,000)	-	-
Balance, end of year	<u>\$ 594,313</u>	<u>\$ 27,691</u>	<u>\$ 15,159,822</u>	<u>\$ 2,028,174</u>	<u>\$ 1,949,289</u>	<u>\$ 19,759,289</u>	<u>\$ 18,199,579</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED APRIL 30, 2023****(UNAUDITED)**

	<u>2023</u>	<u>2022</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Excess of revenue (expenses) for the year	\$ 297,160	\$ (251,869)
Items not requiring a cash outlay:		
Amortization	11,056	10,255
Change in market value of investments	<u>(23,261)</u>	<u>87,911</u>
	284,955	(153,703)
Net change in current assets and liabilities other than cash and short-term investments (note 10)	<u>(353,035)</u>	<u>257,082</u>
	<u>(68,080)</u>	<u>103,379</u>
INVESTING ACTIVITIES:		
Additions to investments	(1,133,154)	(701,325)
Proceeds on disposal of investments	1,199,402	704,725
Additions to capital assets	<u>(4,755)</u>	<u>(20,411)</u>
	<u>61,493</u>	<u>(17,011)</u>
INCREASE (DECREASE) IN CASH, in the year	(6,587)	86,368
Cash, beginning of year	<u>472,172</u>	<u>385,804</u>
Cash, end of year	<u>\$ 465,585</u>	<u>\$ 472,172</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2023

(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 \$1,500,000 is achieved. \$23,832 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, 2023****(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, 2023****(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>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Equipment	\$ <u>91,212</u>	\$ <u>63,521</u>	\$ <u>27,691</u>	\$ <u>33,992</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 2023, the Organization acquired five properties (and a portion of one other property) with a total carrying value of \$937,000 by donations-in-kind. The Organization also purchased four other properties (and a portion of one other property) for a total purchase price of \$325,550.

The Organization also received 2023 donations-in-kind of shares (in public companies) at quoted fair value \$50,959 (2022 - \$39,692).

During 2022, the Organization acquired five properties with a total carrying value of \$43,900 by donations-in-kind. The Organization also purchased five other properties for a total purchase price of \$588,175 and disposed of one property (carrying value \$10,000; proceeds \$15,000).

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2023****(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, 2023 Total</u>
Foreign security investments (Stewardship Fund)	\$ 414,644	\$ -	\$ 414,644
Foreign security investments (Endowment Fund)	439,025	-	439,025
Mutual fund investments (Stewardship Fund)	56,483	-	56,483
Mutual fund investments (Endowment Fund)	50,018	-	50,018
Equity investments (Stewardship Fund)	726,173	-	726,173
Equity investments (Endowment Fund)	860,174	-	860,174
Fixed income investments (Stewardship Fund)	431,563	158,758	590,321
Fixed income investments (Endowment Fund)	<u>519,655</u>	<u>23,832</u>	<u>543,487</u>
	<u>\$ 3,497,735</u>	<u>\$ 182,590</u>	\$ 3,680,325
Mutual fund investments (General Operating Fund) (Unrestricted)			<u>3,814</u>
			<u>\$ 3,684,139</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 \$19,960 on the fixed income investments is included with accounts receivable.

6. Accounts payable and accrued liabilities:

	<u>2023</u>	<u>2022</u>
Payroll deductions payable	\$ 17,673	\$ 20,928
Other amounts	<u>60,242</u>	<u>54,362</u>
	<u>\$ 77,915</u>	<u>\$ 75,290</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2023****(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>2023</u>	<u>2022</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>1,869,416</u>	<u>1,611,281</u>
	<u>\$ 2,028,174</u>	<u>\$ 1,770,039</u>

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2023****(UNAUDITED)****9. Endowment Fund:**

	<u>2023</u>	<u>2022</u>
Externally restricted amounts received for funding Lieutenant Governor Award and/or student internships.	\$ 23,832	\$ 23,732
Internally restricted amounts which can be transferred to Unrestricted net assets with approval of Board of Trustees.	<u>1,925,457</u>	<u>1,907,296</u>
	<u>\$ 1,949,289</u>	<u>\$ 1,931,028</u>

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

	<u>2023</u>	<u>2022</u>
(Increase) decrease in accounts receivable	\$ (510,370)	\$ 79,382
Decrease in unbilled costs	40,902	164,761
(Increase) decrease in prepaid expenses	248	(2,189)
Increase (decrease) in accounts payable and accrued liabilities	2,625	(3,772)
Increase in deferred revenue	<u>113,560</u>	<u>18,900</u>
	<u>\$ (353,035)</u>	<u>\$ 257,082</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:

2024	\$ 47,400
2025	<u>5,400</u>
	<u>\$ 52,800</u>

12. Services agreement:

The Organization has a partnership agreement with Passamaquoddy Recognition Group Inc. (PRGI) to provide services that support the establishment of their Indigenous-led Protected and Conserved Land program. The Organization has agreed to purchase land on behalf of PRGI and holds and co-stewards these parcels in trust until such time as PRGI creates a conservation land trust entity that is eligible to receive transfer of these lands as per the charitable requirements of Canada Revenue Agency.

THE NATURE TRUST OF NEW BRUNSWICK, INC.**NOTES TO THE FINANCIAL STATEMENTS****APRIL 30, 2023****(UNAUDITED)****13. 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.