

ELLIS BIRD FARM LTD.
Financial Statements
Year Ended October 31, 2021

ELLIS BIRD FARM LTD.
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Year Ended October 31, 2021

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Ellis Bird Farm Ltd.

I have reviewed the accompanying financial statements of Ellis Bird Farm Ltd. (the organization) that comprise the statement of financial position as at October 31, 2021, and the statements of revenues and expenditures, 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 (ASNPO), 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

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me 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, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Ellis Bird Farm Ltd. as at October 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

McGillco PC

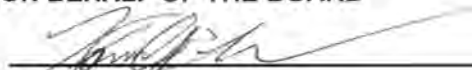
Red Deer County, AB
March 2, 2022


MCGILLCO PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

ELLIS BIRD FARM LTD.
Statement of Financial Position
October 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 362,235	\$ 178,140
Term deposits	13,927	173,862
Marketable securities (Note 4)	144,186	-
Inventory	45,339	39,872
Prepaid expenses	3,563	-
GST receivable	220	10,688
Interest receivable	-	1,203
	<u>569,470</u>	<u>403,765</u>
CAPITAL ASSETS (Note 5)	660,487	683,799
PATRONAGE EQUITY	235	235
MINERAL RIGHTS	1	1
	<u>\$ 1,230,193</u>	<u>\$ 1,087,800</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 18,054	\$ 8,716
Restricted funds (Note 6)	14,218	34,153
Deferred income (Note 12)	185,312	-
	<u>217,584</u>	<u>42,869</u>
DEFERRED CONTRIBUTIONS (Note 7)	440,018	458,352
	<u>657,602</u>	<u>501,221</u>
NET ASSETS (Note 8)	572,591	586,579
	<u>\$ 1,230,193</u>	<u>\$ 1,087,800</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

ELLIS BIRD FARM LTD.
Statement of Revenues and Expenditures
Year Ended October 31, 2021

	2021	2020
REVENUES		
ME Global Ltd.	\$ 178,185	\$ 171,332
Donations	44,466	66,498
Land rent	36,120	38,420
Book and gift shop sales	25,258	44,295
Alberta Education and Parks grant	19,994	29,063
Red Deer Community Foundation grant	19,264	13,436
Labour grants	16,668	15,900
On site events	3,043	5,554
Education legacy income	2,128	2,473
Other grants	-	36,703
	<u>345,126</u>	<u>423,674</u>
EXPENDITURES		
Site services and landscaping	104,333	122,887
Salaries and wages	45,506	45,041
Education legacy expenditures	35,103	2,300
Funded project expenditures	31,841	92,412
Amortization	31,185	32,259
Site operations	27,809	21,135
Administration expenses	19,923	18,473
Repairs and maintenance	14,276	3,099
Insurance	11,196	8,948
Research	9,623	2,991
Professional fees	8,637	13,725
Employee benefits	6,614	-
Travel	4,250	4,989
Advertising and promotion	3,575	6,729
Events and activities	2,702	855
GST expense	2,235	4,102
Property taxes	2,001	1,991
Licenses, dues and fees	1,382	751
Education	1,000	1,000
Training	480	977
Interest and bank charges	45	-
Book and gift shop inventory adjustment	(1,356)	29,242
	<u>362,360</u>	<u>413,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>(17,234)</u>	9,768
OTHER INCOME		
Dividend income	1,887	225
Interest income	1,359	4,537
Other government grants	-	1,364
	<u>3,246</u>	<u>6,126</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (13,988)</u>	<u>\$ 15,894</u>

ELLIS BIRD FARM LTD.
Statement of Changes in Net Assets
Year Ended October 31, 2021

	General Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 586,579	\$ 586,579	\$ 570,685
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,988)	(13,988)	15,894
NET ASSETS - END OF YEAR <i>(Note 8)</i>	\$ 572,591	\$ 572,591	\$ 586,579

ELLIS BIRD FARM LTD.
Statement of Cash Flows
Year Ended October 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (13,988)	\$ 15,894
Items not affecting cash:		
Amortization of capital assets (Note 5)	31,185	32,259
Restricted funds (Note 6)	(19,935)	(37,867)
Deferred contributions (Note 7)	(18,334)	(19,098)
	<u>(21,072)</u>	<u>(8,812)</u>
Changes in non-cash working capital:		
Accounts receivable	-	263
Interest receivable	1,203	1,620
Inventory	(5,467)	11
Accounts payable	9,338	(10,056)
Prepaid expenses	(3,563)	-
Goods and services tax payable	10,468	(3,862)
Deferred income (Note 12)	185,312	-
	<u>197,291</u>	<u>(12,024)</u>
Cash flow from (used by) operating activities	<u>176,219</u>	<u>(20,836)</u>
INVESTING ACTIVITIES		
Purchase of capital assets (Note 5)	(7,873)	(1,400)
Purchase of marketable securities (Note 4)	(144,186)	-
Term deposits	159,935	86,410
Cash flow from investing activities	<u>7,876</u>	<u>85,010</u>
INCREASE IN CASH FLOW	184,095	64,174
Cash - beginning of year	<u>178,140</u>	<u>113,966</u>
CASH - END OF YEAR	\$ 362,235	\$ 178,140
CASH CONSISTS OF:		
Cash	<u>\$ 362,235</u>	<u>\$ 178,140</u>

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

1. PURPOSE OF THE ORGANIZATION

Ellis Bird Farm Ltd. (the "Organization") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. The objectives of the organization include, but are not limited to:

- To operate and maintain a selective bird conservation program designed primarily to encourage the nesting and propagation of Mountain Bluebirds and Tree Swallows.
 - To operate and maintain a bird farm and winter bird feeding program.
 - To sponsor and/or conduct scientific studies or research relative to the ecology of these two principle species. These studies are to include investigation of the long-term effects of the operation of a petrochemical plant and related human activities.
 - To develop materials for educational programs relating to bird conservation, the preservation and development of both natural and man-made habitats and the benefits accruing to mankind from such activities and to carry these programs forward to young people and adults.
-

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Ellis Bird Farm Ltd. follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as direct increases in net assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Management internally restricts funds as deemed necessary for future projects and development.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from sales of products is recognized when title passes to the customer.

Cash and cash equivalents

The organization's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

Cash and cash equivalents with a maturity of more than 3 months are classified as term deposits.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Other investments

(continues)

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Capital assets

Capital assets are stated at cost less accumulated amortization. Formerly grants were treated as a reduction of capital asset cost and amortized on the same basis as the specific asset. The organization's policy since 2012 treats grants and restricted contributions for capital assets are deferred and recognized as revenue on the same basis as the amortized asset. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	30%	declining balance method
Computer equipment - new	3 years	straight-line method
Equipment	20%	declining balance method
Gazebo	10%	declining balance method
Grounds Development	2%	declining balance method
Vehicles	30%	declining balance method
Reservoir System	2%	declining balance method
Wetland Restoration	2%	declining balance method
Paving	8%	declining balance method

All additions made during the year are amortized at 50% of the above rates.

Government assistance

Government assistance for current expenses is recorded when the related expenditures have been incurred.

Mineral rights and patronage equity

Donated mineral rights acquired from the Estate of the Late Charlie Ellis are recorded at a nominal value as the fair value cannot be reasonably determined.

UFA equity and credit union equity are recorded at fair value and patronage dividends are recognized when issued.

Goods and Services Tax

Contributed materials and services are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate recognized as a receivable. GST on taxable sales are reported and corresponding purchase ITC's are claimed.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost including cash, accounts receivable, accounts payable and accrued liabilities. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Volunteers contribute many hours per year to assist Ellis Bird Farm Ltd. in carrying out its events and activities. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Going concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of operations. Should the Organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Organization's ability to continue as a going concern is dependent upon its ability to attain funding and profitable operations to generate funds therefrom in order to continue providing services and to discharge its stewardship responsibilities sufficient to meet current and future obligations. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the Organization were unable to continue its operations. Management believes there are no going concern issues.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. MARKETABLE SECURITIES

	2021	2020
NEI RS Sel Balanced SR P-FE	\$ 144,186	\$ -

Fair value and cost were determined to be the same in the year.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Buildings	\$ 753,720	\$ 240,763	\$ 512,957	\$ 534,330
Computer equipment	14,958	7,849	7,109	1,311
Equipment	84,576	76,739	7,837	9,796
Gazebo	10,059	9,522	537	596
Grounds development	115,190	39,687	75,503	77,044
Motor vehicles	41,062	35,647	5,415	7,736
Paving	20,965	8,761	12,204	13,266
Reservoir system	17,439	7,208	10,231	10,440
Wetland restoration	42,546	13,852	28,694	29,280
	\$ 1,100,515	\$ 440,028	\$ 660,487	\$ 683,799

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

6. RESTRICTED FUNDS

The restricted funds consists of externally restricted funds.

The Dow Research Fund is to fund research programs, education program support and fact sheet updates on the conservation of bluebirds, swallows and other cavity-nesting birds.

The Alberta Environment and Parks Grant for climate education and impacts monitoring by nature centres and is to be completed by March 2022.

	Balance beginning of year	Contributions	Allocations	2021	2020
Restricted funds					
Dow Research Fund	\$ 291	\$ -	\$ -	\$ 291	\$ 5,403
Alberta Environment and Parks	33,862	60	(19,994)	13,928	33,862
	\$ 34,153	\$ 60	\$ (19,994)	\$ 14,219	\$ 39,265

7. DEFERRED CONTRIBUTIONS

	Balance Beginning of Year	Contributions per capital expenditures	Allocations to revenue	2021	2020
Visitor Centre Funding	\$ 458,352	\$ -	\$ (18,334)	\$ 440,018	\$ 477,449
	\$ 458,352	\$ -	\$ (18,334)	\$ 440,018	\$ 477,449

The deferred revenue reflects the total contributions received to fund the Visitor Centre construction. Allocations to revenue are recorded annually to match the amortization provision of the corresponding asset.

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

8. NET ASSETS

Internally restricted net assets (reserves) are recorded as revenue when received and classified as reserves in the net assets of the organization.

	Opening balance	Net revenue and transfers	Allocations	2021
Charlie Ellis Memorial Maintenance Reserve	\$ 23,114	\$ 453	\$ (5,319)	\$ 18,248
Glenn Buchwald Capital Education Legacy	56,843	6,242	(2,348)	60,737
Ellis Cafe Reconstruction	13,776	-	-	13,776
	18,771	9,197	(1,878)	26,090
	6,000	-	-	6,000
Internally restricted net assets	118,504	15,892	(9,545)	124,851
General and net capital assets	468,075	(15,892)	(4,443)	447,740
Net assets	<u>\$ 586,579</u>	<u>\$ -</u>	<u>\$ (13,988)</u>	<u>\$ 572,591</u>

Internally restricted net assets are defined by the board to allocate funds for special purposes to enable management of the organization's operations and continue its mandates. The board has authorized all net cash profits from each year to be allocated to the various reserve funds.

Charlie Ellis Memorial Reserve is to be used for special Ellis Bird Farm projects that support the vision and mandate of the organization, including but not limited to scholarships. Proposals for fund expenditures can only be authorized by a majority of the board for specified budget and timelines.

Maintenance Reserve is an internally restricted reserve where the board made a motion to spend a portion on the construction of equipment storage.

Glen Buchwald Capital Reserve is to be spent on hiring summer students and other projects with no specific terms.

Education Legacy is a designated reserve provided from the sales of bird feeding books. The reserve is to be used for educational initiatives, publications, interpretive and educational support materials, programs, projects or other resources that support the visions, goals and objectives of the organization.

Ellis Cafe' Reconstruction reserve is to be spent on upgrading and renovations to the cafe on the premises. This reserve has no specific terms.

General and capital net asset accounts are the accumulated capital surplus of this not-for-profit.

9. LABOUR GRANT INCOME

During the year the not-for-profit received grant labour income from the following entities:

	2021	2020
Environmental Careers Organization Canada grant	\$ 7,500	\$ 7,500
Canada Summer Job grant	9,168	8,400
	<u>\$ 16,668</u>	<u>\$ 15,900</u>

These grants were specifically used to help with the payment of wages for the summer employees.

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

10. OTHER GRANT INCOME

During the year the not-for-profit received grant income from the following entities:

	<u>2021</u>	<u>2020</u>
TD Friends of the Environment Foundation	\$ -	\$ 12,550
Lacombe County	-	2,500
Dow	-	25,053
	<u>\$ -</u>	<u>\$ 40,103</u>

During the year, due to covid the farm had limited opportunity for schools and other tours. No grant money was received.

11. DUE TO RELATED PARTIES

The Organization entered into transactions with related parties, being the board of directors and a contracted biologist. These transactions total \$90,641 for 2020 to the contract biologist (nothing in 2021) and \$2,451 to the board of directors for 2021 (\$4,064 for 2020) and are subject to normal trade terms at amounts agreed to by the related parties. Related transactions also included expense reimbursements for items required in the normal course of business.

12. ECONOMIC DEPENDENCE

Pursuant to an agreement dated July 9th, 2007, ME Global (formerly Dow Chemicals Canada Inc. and Union Carbide) has agreed to provide the organization with funding, operations and administration necessary in carrying out the basic research and programs of encouraging propagation of Mountain Bluebirds and Tree Swallows, controlling Starlings and English Sparrows and maintaining a winter bird feeding program, as well as relative effects of the construction and operation of the Plant Site on the aforementioned bird species for the period January 1, 2007 through January 1, 2012 and continues with five year renewable terms until January 1, 2027. ME Global owns the land on which the company operates and rent of \$12 (one dollar per month) plus GST per year is payable as per the agreement.

During the year ME Global funded the 2022 amounts in advance and have been recorded as deferred income (\$185,312).

13. OPERATING LEASE COMMITMENT

The organization leases farm land to tenants under a term agreement for approximately \$39,000 per year. There is a slight variance in lease amounts each year as it varies per the number of cattle grazing on the land or acres used in production. 2017 was the first year of a 5 year term with the current tenant of the lease.

14. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of October 31, 2021.

(continues)

ELLIS BIRD FARM LTD.
Notes to Financial Statements
Year Ended October 31, 2021

14. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Additional risk

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.
