

ReForest London

Financial Statements
(Unaudited - See Notice to Reader)
December 31, 2008

December 23, 2009

Notice to Reader

On the basis of information provided by management, we have compiled the balance sheet of **ReForest London** as at December 31, 2008 and the statements of revenues, expenses and fund balance and cash flows for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

PricewaterhouseCoopers LLP

Chartered Accountants
Licensed Public Accountants

ReForest London

Balance Sheet

(Unaudited - See Notice to Reader)

As at December 31, 2008

	2008 \$
Assets	
Current assets	
Cash	47,400
Accounts receivable	37,753
Other current assets	48,723
Marketable securities	81
	<u>133,957</u>
Liabilities	
Current liabilities	
Accounts payable	1,232
Other current liabilities	17,781
	<u>19,013</u>
Fund balance	
Unrestricted fund	33,592
Restricted fund	81,352
	<u>114,944</u>
	<u>133,957</u>

Approved by the Board of Directors

_____ Director

_____ Director

ReForest London

Statement of Revenues, Expenses and Fund Balance

(Unaudited - See Notice to Reader)

For the year ended December 31, 2008

	2008
	\$
Revenues	
Direct public grants	48,400
Direct public support	229,768
Government grants	20,183
Other income	2,002
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	300,353
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Expenses	
Conferences and meetings	421
Professional services	1,798
Operations	14,168
Payroll expenses	42,776
Sub-contractor services	90,111
Materials	77,507
Aftercare/maintenance	2,934
Equipment rentals	1,537
Travel expense	2,108
Other expenses	1,208
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	234,568
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Revenues in excess of expenses	65,785
Fund balance – Beginning of year	49,159
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Fund balance – End of year	114,944
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ReForest London

Statement of Cash Flows

(Unaudited - See Notice to Reader)

For the year ended December 31, 2008

	2008
	\$
Cash provided by (used in)	
Operating activities	
Revenues in excess of expenses	65,785
Net change in non-cash working capital	
Accounts receivable	(37,253)
Other current assets	(614)
Accounts payable	(6,849)
Other current liabilities	5,081
	<u>26,150</u>
Cash provided by operating activities	<u>26,150</u>
Investing activities	
Marketable securities	<u>(81)</u>
Cash used in investing activities	<u>(81)</u>
Change in cash	26,069
Cash – Beginning of year	<u>21,331</u>
Cash – End of year	<u>47,400</u>

ReForest London

Notes to Financial Statements

(Unaudited - See Notice to Reader)

December 31, 2008

1 Purpose of the organization

ReForest London (the “Organization”) is an independent organization of volunteers and staff whose purpose is to plant trees and shrubs within the City of London in schoolyards, parks, and natural areas, and educate Londoners about the value of trees and how to plant and care for trees. The Organization is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized below:

Fund accounting

The Organization, which follows the deferral method of accounting for contributions, uses two funds to record its transactions, the restricted fund and unrestricted fund.

Operating fund

The operating fund includes all revenues and expenses of the ongoing activities of the Organization.

Financial Instruments

Under Section 3855, financial assets and liabilities, including derivative instruments, are initially recognized and subsequently measured based on their classification as held-for-trading, available-for-sale financial assets, held-to-maturity, loans and receivables, or other financial liabilities as follows:

- Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in the statement of revenues and expenses for the period.
- Available-for-sale financial assets are measured at their fair value and changes in fair value are included directly in the fund balance until the asset is removed from the balance sheet.
- Held-to-maturity investments, loans and receivables and other financial liabilities are measured at cost or amortized cost using the effective interest rate method.

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- Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in the statement of revenue and expenses for the period unless the instrument is a cash flow hedge and hedge accounting applies in which case changes in fair value are recognized directly in the fund balance.

The following is a summary of the assets and liabilities the Organization evaluated and elected to apply to its significant categories of financial instruments:

Financial Instrument	Classification
Cash	Held-for-trading
Accounts receivable	Loans and receivables
Other current assets	Loans and receivables
Marketable securities	Held-for-trading
Accounts payable	Other financial liabilities
Other current liabilities	Other financial liabilities

Marketable securities

Short-term investments in guaranteed investment certificates are carried at fair value, with unrealized gains or losses included in the statement of revenues and expenses.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, as well as revenue and expenses for the year. The more subjective of such estimates are the amounts recorded for amortization and determination of the accrued benefit obligation. The Organization regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

Revenue recognition

Revenue is recognized in the year it is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

Volunteers contribute many hours each year to assist the Organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.