

ReForest London

Financial Statements
(Unaudited)
December 31, 2009

May 4, 2010

Review Engagement Report

**To the Directors of
ReForest London**

We have reviewed the balance sheet of **ReForest London** as at December 31, 2009 and the statements of revenues, expenses and fund balance 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 company.

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 generally accepted accounting principles.

We compiled the December 31, 2008 comparative financial statements and did not perform any review procedures.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

ReForest London

Balance Sheet

(Unaudited)

As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash	98,014	47,400
Accounts receivable	31,495	32,753
Other current assets	6,902	42,255
	<hr/> 136,411	<hr/> 122,408
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	12,485	2,213
Deferred revenue (note 3)	100,358	98,616
	<hr/> 112,843	<hr/> 100,829
Fund balance		
Operating fund	23,568	21,579
	<hr/> 136,411	<hr/> 122,408

Approved by the Board of Directors

_____ Director

_____ Director

ReForest London

Statement of Revenues, Expenses and Fund Balance (Unaudited)

For the year ended December 31, 2009

	2009 \$	2008 \$
Revenues		
Donations	10,810	65,762
Grants	91,102	36,197
Other support	110,350	94,777
	<hr/> 212,262	<hr/> 196,736
Expenses		
Sub-contractor services	68,587	90,111
Materials	52,927	64,288
Payroll expenses	43,849	42,776
Operations	23,530	14,168
Other expenses	13,936	1,208
Professional services	6,100	1,798
Aftercare/maintenance	1,262	2,934
Conferences and meetings	75	419
Travel expense	7	2,108
Equipment rentals	-	1,537
	<hr/> 210,273	<hr/> 221,347
Excess (deficiency) of revenues over expenses	1,989	(24,611)
Operating fund balance – Beginning of year	<hr/> 21,579	<hr/> 46,190
Operating fund balance – End of year	<hr/> 23,568	<hr/> 21,579

ReForest London

Statement of Cash Flows

(Unaudited)

For the year ended December 31, 2009

	2009
	\$
Cash provided by	
Operating activities	
Excess of revenues over expenses	1,989
Net change in non-cash working capital	
Accounts receivable	1,258
Other current assets	35,353
Accounts payable and accrued liabilities	10,272
Deferred revenue	1,742
	<u>50,614</u>
Cash provided by operating activities	<u>50,614</u>
Change in cash	50,614
Cash – Beginning of year	<u>47,400</u>
Cash – End of year	<u>98,014</u>

ReForest London

Notes to Financial Statements

(Unaudited)

December 31, 2009

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, and uses the operating fund which 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.
- 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.

ReForest London

Notes to Financial Statements

(Unaudited)

December 31, 2009

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
Accounts payable and accrued liabilities	Other financial liabilities

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 Organization regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

Revenue recognition

The Organization follows the deferral method of accounting for revenues. Restricted funding is recognized as revenue in the year the related expenses are incurred. Unrestricted revenues are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assumed.

Contributed services and goods

Contributed services and goods are recorded at the fair value if fair value can be reasonably estimated and reliably determined.

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. No amount is recorded in the financial statements for donated merchandise as net recoverable amounts cannot be reasonably estimated.

Adoption of new accounting recommendations

a. Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee (“EIC”) of the Accounting Standards Board issued EIC Abstract 173, “*Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*”, which establishes guidance requiring an entity to consider its own credit and the credit risk of the counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 should be applied retroactively, without restatement of prior periods. The adoption of this interpretation did not have a material effect on the Organization’s financial statements.

ReForest London

Notes to Financial Statements

(Unaudited)

December 31, 2009

b. Financial instruments – presentation and disclosure

CICA Handbook Sections 3862, “*Financial Instruments – Disclosure*”, and 3863, “*Financial Instruments – Presentation*”, issued in December 2006, replaced Section 3861, “*Financial Instruments – Disclosure and Presentation*”, revising its disclosure requirements and carrying forward unchanged its presentation requirements. As a not-for-profit organization, the Association has elected to apply CICA Handbook Section 3861 in lieu of CICA Handbook Sections 3862 and 3863.

c. Financial instruments - recognition and measurement

During the year, the Organization adopted the election in CICA Handbook Section 3855, “*Financial instruments - recognition and measurement*”, to not apply the same to derivatives embedded in leases, derivatives embedded in insurance contracts, contracts to buy or sell a non-financial item including derivatives embedded therein, or contracts to buy or sell a non financial item in accordance with the Organization's expected purchase, sale or usage requirements. This change in accounting policy did not have an impact on the current year's financial statements or on prior periods presented.

d. Financial statement presentation

In September 2008, the CICA issued amendments to several of the existing sections in the 4400 series - *Financial Statements by Not-For-Profit Organizations*. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Organization has adopted the amended standards for its fiscal year beginning January 1, 2009. The amendments include: a) additional guidance in the applicability of Section 1100, *Generally Accepted Accounting Principles*; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*; d) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statements*; e) requirement to apply Section 1751, *Interim Financial Statements*, when preparing interim financial statements in accordance with GAAP; f) requirement for non-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, *Related Party Transactions*; and h) new disclosure requirements regarding the allocation of fundraising and general support costs. This change in accounting policy did not have an impact on the Organization's financial statements.

ReForest London
Notes to Financial Statements
(Unaudited)
December 31, 2009

3 Deferred revenue

Deferred revenue consists of the following projects:

	2009	2008
	\$	\$
Downtown projects	99,412	85,455
Neighbourhood Re-leaf Project	-	13,161
Riparian Naturalization Project	946	-
	<hr/>	<hr/>
	100,358	98,616
	<hr/>	<hr/>

