

# **ReForest London**

Financial Statements  
**December 31, 2010**

May 3, 2011

## **Independent Auditor's Report**

### **To the Directors of ReForest London**

We have audited the accompanying financial statements of ReForest London which comprise the balance sheet as at December 31, 2010 and the statements of revenues, expenses and fund balance 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 generally accepted accounting principles, 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of ReForest London as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

# ReForest London

## Balance Sheet

As at December 31, 2010

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	2010 \$	2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	78,563	98,014
Accounts receivable	24,800	31,495
Other current assets	4,799	6,902
Prepaid expenses	220	-
	<hr/> 108,382	<hr/> 136,411
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	13,423	12,485
Deferred revenue (note 3)	73,513	100,358
	<hr/> 86,936	<hr/> 112,843
<b>Fund balance</b>		
Operating fund	21,446	23,568
	<hr/> 108,382	<hr/> 136,411

Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ReForest London

## Statement of Revenues, Expenses and Fund Balance For the year ended December 31, 2010

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	2010 \$	2009 \$
<b>Revenues</b>		
Corporate and other support	102,069	110,350
Grants	64,635	91,102
Educational and planting services	28,150	-
Received donations	10,536	10,810
Endowment income (note 4)	9,000	-
	<hr/> 214,390	<hr/> 212,262
<b>Expenses</b>		
Materials	71,942	52,927
Sub-contractor services	48,859	68,587
Payroll expenses	44,422	43,849
Operations	22,848	14,876
Other project related expenses	8,789	8,654
Professional services	8,081	6,100
Other expenses	3,533	13,936
Aftercare/maintenance	2,988	1,262
Donations to other organization	2,000	-
Travel expense	1,815	7
Equipment rentals	871	-
Conferences and meetings	364	75
	<hr/> 216,512	<hr/> 210,273
<b>(Deficiency) excess of revenues over expenses</b>	(2,122)	1,989
<b>Operating fund balance - Beginning of year</b>	<hr/> 23,568	<hr/> 21,579
<b>Operating fund balance - End of year</b>	<hr/> <hr/> 21,446	<hr/> <hr/> 23,568

# ReForest London

## Statement of Cash Flows

For the year ended December 31, 2010

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	2010 \$	2009 \$
<b>Cash provided by</b>		
<b>Operating activities</b>		
(Deficiency) excess of revenues over expenses	(2,122)	1,989
Net change in non-cash working capital		
Accounts receivable	6,695	1,258
Other current assets	2,103	35,353
Prepaid expenses	(220)	-
Accounts payable and accrued liabilities	938	10,272
Deferred revenue	(26,845)	1,742
<b>Cash provided by operating activities</b>	<u>(19,451)</u>	<u>50,614</u>
<b>Change in cash</b>	(19,451)	50,614
<b>Cash - Beginning of year</b>	<u>98,014</u>	<u>47,400</u>
<b>Cash - End of year</b>	<u>78,563</u>	<u>98,014</u>

# ReForest London

Notes to Financial Statements

December 31, 2010

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## 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 CICA Handbook 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

December 31, 2010

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

<b>Financial instrument</b>	<b>Classification</b>
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.

### **Future accounting changes - Accounting standards for not-for-profit organizations**

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Organization is currently considering the impact of the adoption of these standards.

# ReForest London

Notes to Financial Statements

December 31, 2010

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## 3 Deferred revenue

Deferred revenue consists of the following projects:

	2010	2009
	\$	\$
Downtown projects	40,963	99,412
Community Projects	7,250	-
Riparian Naturalization Project	-	946
Schoolyard Projects	5,000	-
Unclassified	20,300	-
	<hr/>	
	73,513	100,358
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## 4 Endowment funds

The Organization has established permanent endowment funds at the London Community Foundation. The Organization can access only the investment interest when the value of the fund exceeds the original contributed capital. As at December 31, 2010, the balance was \$218,489 (2009 - \$200,103) and the Organization earned \$9,000 (2009 - \$Nil) of endowment income during the year.

## 5 Comparative figures

Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

