

ReForest London

Financial Statements
December 31, 2012



May 7, 2013

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, 2012, December 31, 2011 and January 1, 2011 and the statements of fund balances, revenues and expenses and cash flows for the years ended December 31, 2012 and December 31, 2011, and the related notes, which comprise 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Reforest London as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

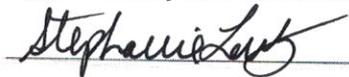
Chartered Accountants, Licensed Public Accountants

ReForest London

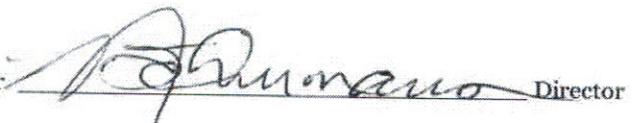
Balance Sheet

	December 31, 2012 \$	December 31, 2011 \$	January 1, 2011 \$
Assets			
Current assets			
Cash and cash equivalents	133,339	215,168	78,563
Accounts receivable	22,873	23,988	24,800
Sales tax recoverable	20,460	13,014	4,799
Prepaid expenses	-	280	220
	<u>176,672</u>	<u>252,450</u>	<u>108,382</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (note 6)	20,962	11,530	13,423
Deferred revenue (note 3)	60,000	192,500	73,513
	<u>80,962</u>	<u>204,030</u>	<u>86,936</u>
Fund balances			
Operating fund	24,547	9,957	21,446
Future projects fund, internally restricted (note 4)	49,163	25,963	-
Reserve fund, internally restricted (note 4)	22,000	12,500	-
	<u>95,710</u>	<u>48,420</u>	<u>21,446</u>
	<u>176,672</u>	<u>252,450</u>	<u>108,382</u>

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

ReForest London

Statement of Fund Balances

For the year ended December 31, 2012 and 2011

	Operating Fund \$	Future Projects Fund \$	Reserve Fund \$	2012 \$	2011 \$
Balance - Beginning of year	9,957	25,963	12,500	48,420	21,446
Excess of revenues over expenses	47,290	-	-	47,290	26,974
Internally imposed restrictions (note 4)	(32,700)	23,200	9,500	-	-
Balance - End of year	24,547	49,163	22,000	95,710	48,420

The accompanying notes are an integral part of these financial statements.

ReForest London

Statement of Revenues and Expenses

For the year ended December 31, 2012 and 2011

	2012	2011
	\$	\$
Revenues		
Corporate and other funding	108,238	115,588
Grants	245,315	98,390
Educational and planting services	74,223	57,268
Receipted donations	21,080	30,408
Endowment income (note 5)	9,500	3,500
In-kind donations	16,202	22,321
	<hr/>	<hr/>
	474,558	327,475
Expenses		
Materials	110,233	83,477
Sub-contractor services	101,300	46,571
Payroll expenses	135,298	76,440
Operations	41,103	60,398
Other project related expenses	22,468	15,411
Professional services	8,953	11,947
Other expenses	3,602	4,087
Travel expense	2,289	1,771
Rent	2,022	-
Equipment rentals	-	125
Conferences and meetings	-	274
	<hr/>	<hr/>
	427,268	300,501
Excess of revenues over expenses	<hr/>	<hr/>
	47,290	26,974

The accompanying notes are an integral part of these financial statements.

ReForest London

Statement of Cash Flows

For the year ended December 31, 2012 and 2011

	2012 \$	2011 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	47,290	26,974
Net change in non-cash working capital		
Accounts receivable	1,115	920
Sales tax recoverable	(7,446)	(8,323)
Prepaid expenses	280	(60)
Accounts payable and accrued liabilities	9,432	(1,893)
Deferred revenue	(132,500)	118,987
	<hr/>	<hr/>
Cash (used in) provided by operating activities	(81,829)	136,605
Change in cash	(81,829)	136,605
Cash and cash equivalents - Beginning of year	<hr/>	<hr/>
	215,168	78,563
Cash and cash equivalents - End of year	<hr/>	<hr/>
	133,339	215,168

The accompanying notes are an integral part of these financial statements.

ReForest London

Notes to Financial Statements

December 31, 2012 and 2011

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

Effective January 1, 2012, the Organization elected to adopt Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The Organization has not utilized any transitional exemptions on the adoption of ASNPO. There were no adjustments to the balance sheet or the statements of revenues and expenses, changes in fund balances or cash flows.

Fund accounting

The Organization follows the deferral method of accounting for contributions and uses three funds: operating fund, future projects fund and reserve fund. The operating fund includes all revenues and expenses of the ongoing activities of the Organization. The future projects and reserve funds are funds setup by the Board of Directors to internally restrict portions of the operating funds for specific purposes.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all of its financial assets and liabilities at amortized cost, except for instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the excess of revenues over expenses.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators for impairment. The amount of the write-down and any subsequent reversals are recognized in the statement of revenue and expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short term investments maturing within 90 days.

ReForest London

Notes to Financial Statements

December 31, 2012 and 2011

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 assured.

Contributed services and goods

Contributed services and goods are recorded at the fair value if fair value can be reasonably estimated and reliably determined, and are recorded as in-kind donations in the statement of revenues and expenses.

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, volunteer services are not recognized in the financial statements.

3 Deferred revenue

Deferred revenue represents unspent resources externally restricted for specific projects and restricted operating funding received in the current period that is related to the subsequent period. The deferred revenue balance is comprised of the following:

	2012 \$	2011 \$
Million Tree Challenge	60,000	172,500
Schoolyard projects	-	20,000
	<hr/> 60,000	<hr/> 192,500

4 Restrictions on fund balances

In 2012, the Organization's Board of Directors internally restricted \$23,200 (2011 - \$25,963) of the operating fund to be used for specific future projects and \$9,500 (2011 - \$12,500) of the operating fund to be transferred to the reserve fund. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

ReForest London

Notes to Financial Statements

December 31, 2012 and 2011

5 Endowment funds

The Organization has established an endowment fund at the London Community Foundation (Foundation). The Foundation will hold, in perpetuity, the donations received and accordingly the Organization does not record the assets in their records. The Foundation may capitalize a portion of the endowment's return in accordance with the Foundation's capital preservation policy. The Foundation will make disbursements from the endowment to the Organization in accordance with the Foundation's disbursement policy which states disbursements will occur when the value of the endowment exceeds the original contributed capital plus any capitalized portion. As at December 31, 2012, the balance was \$222,267 (2011 - \$206,668) and the Organization earned \$9,500 (2011 - \$3,500) of endowment income during the year.

6 Government remittances

As at December 31, 2012, the Organization has outstanding remittances payable of \$3,902 (2011 - \$1,637). None of these remittances are in arrears.

7 Comparative amounts

Certain prior year figures have been restated to conform to the financial statement presentation in the current year.

