

ReForest London

Financial Statements
December 31, 2016



May 2, 2017

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, 2016 and the statement of fund balances, revenues and expenses and cash flows for the year then ended, 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 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 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, 2016 as at and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

ReForest London

Balance Sheet

As at December 31, 2016

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 140,046 | 154,541 |
| Accounts receivable | 27,665 | 28,935 |
| Input tax recoverable | 50,922 | 24,061 |
| Prepaid expenses | - | 3,581 |
| | <u>218,633</u> | <u>211,118</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 6) | 32,627 | 14,066 |
| Deferred revenue (note 3) | 70,300 | 108,850 |
| | <u>102,927</u> | <u>122,916</u> |
| Fund balances | | |
| Operating fund | 56,256 | 38,102 |
| Reserve fund, internally restricted (note 4) | 59,450 | 50,100 |
| | <u>115,706</u> | <u>88,202</u> |
| | <u>218,633</u> | <u>211,118</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, 2016

| | Operating Fund \$ | Reserve Fund \$ | 2016 \$ | 2015 \$ |
|---|-------------------------|-----------------------|----------------|---------------|
| Balance - Beginning of year | 38,102 | 50,100 | 88,202 | 90,898 |
| Excess (deficiency) of revenues over expenses | 27,504 | - | 27,504 | (2,696) |
| Internally imposed restrictions (note 4) | (9,350) | 9,350 | - | - |
| Balance - End of year | <u>56,256</u> | <u>59,450</u> | <u>115,706</u> | <u>88,202</u> |

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

ReForest London

Statement of Revenues and Expenses

For the year ended December 31, 2016

| | 2016 \$ | 2015 \$ |
|--|---------------------|----------------------|
| Revenues | | |
| Grants | 489,665 | 322,737 |
| Corporate and other funding | 109,458 | 148,401 |
| Donations | 34,815 | 42,629 |
| In-kind donations | 26,130 | 24,527 |
| Planting services | 12,263 | 53,664 |
| Endowment income (note 5) | 9,150 | 9,300 |
| | <hr/> 681,481 | <hr/> 601,258 |
| Expenses | | |
| Payroll | 274,855 | 256,012 |
| Materials | 138,173 | 132,974 |
| Sub-contractor services | 112,166 | 100,418 |
| Other project related | 42,140 | 35,567 |
| Operations | 38,817 | 34,978 |
| Project supplies and equipment | 20,853 | 12,562 |
| Professional services | 13,579 | 16,080 |
| Other | 5,880 | 8,325 |
| Travel | 5,507 | 5,468 |
| Facilities | 2,007 | 1,570 |
| | <hr/> 653,977 | <hr/> 603,954 |
| Excess (deficiency) of revenues over expenses | <hr/> 27,504 | <hr/> (2,696) |

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

ReForest London

Statement of Cash Flows

For the year ended December 31, 2016

| | 2016 \$ | 2015 \$ |
|--|-----------------|----------------|
| Cash (used in) provided by | | |
| Operating activities | | |
| Excess (deficiency) of revenues over expenses | 27,504 | (2,696) |
| Net change in non-cash working capital | | |
| Accounts receivable | 1,270 | 15,251 |
| Input tax recoverable | (26,861) | (2,729) |
| Prepaid expenses | 3,581 | 4,086 |
| Accounts payable and accrued liabilities | 18,561 | (5,153) |
| Deferred revenue | (38,550) | 31,663 |
| Cash (used in) provided by operating activities | <u>(14,495)</u> | <u>40,422</u> |
| Net change in cash during the year | (14,495) | 40,422 |
| Cash and cash equivalents - Beginning of year | <u>154,541</u> | <u>114,119</u> |
| Cash and cash equivalents - End of year | <u>140,046</u> | <u>154,541</u> |

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

ReForest London

Notes to Financial Statements

December 31, 2016

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 residents 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

Basis of presentation

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

Fund accounting

The Organization follows the deferral method of accounting for contributions and uses two funds, operating fund and reserve fund. The operating fund includes all revenues and expenses of the ongoing activities of the Organization. The reserve fund has been setup by the Board of Directors to internally restrict portions of the operating fund 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 statement of revenues and 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 revenues and expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short term investments maturing within 90 days. The short term investments consist of Guaranteed Investment Certificates of \$12,892 (2015 - \$13,109).

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Notes to Financial Statements

December 31, 2016

Use of estimates

The preparation of financial statements in accordance with ASNPO 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 contributions. Restricted funding is recognized as revenue in the year the related expenses are incurred. Unrestricted contributions 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. 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:

| | 2016 \$ | 2015 \$ |
|----------------------------|--------------|---------------|
| School Community Challenge | 62,069 | 71,325 |
| Park Naturalization | 6,731 | 12,525 |
| Million Tree Challenge | 1,500 | 25,000 |
| | <hr/> 70,300 | <hr/> 108,850 |

4 Restrictions on fund balances

During the year, the Organization's Board of Directors internally restricted \$9,350 (2015 - \$9,300) 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.

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Notes to Financial Statements

December 31, 2016

5 Endowment fund

The Organization has established an externally held 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 on these financial statements. 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, 2016, the fund balance was \$253,516 (2015 - \$247,377) and the Organization earned \$9,150 (2015 - \$9,300) of endowment income during the year.

6 Government remittances

As at December 31, 2016, the Organization has outstanding remittances payable of \$nil (2015 - \$4,362). None of these remittances are in arrears.

7 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.