

ReForest London

Financial Statements
December 31, 2017



May 8, 2018

Independent Auditor's Report

To the Directors of ReForest London

We have audited the accompanying financial statements of ReForest London, which comprise the statement of financial position as at December 31, 2017 and the statements of fund balances, operations 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 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, 2017 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
Statement of Financial Position
As at December 31, 2017

	Operating and Reserve Fund \$	Westminster Ponds Fund \$	2017 \$	2016 \$
Assets				
Current assets				
Cash and cash equivalents (note 2)	266,950	76,154	343,104	140,046
Accounts receivable	49,357	7,616	56,973	27,665
HST receivable	16,912	14,476	31,388	50,922
	333,219	98,246	431,465	218,633
Assets under construction (note 3)	-	153,338	153,338	-
	333,219	251,584	584,803	218,633
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	20,727	7,930	28,657	32,627
Deferred contributions (note 4)	152,185	94,593	246,778	70,300
	172,912	102,523	275,435	102,927
Deferred capital contributions (note 5)	-	153,338	153,338	-
	172,912	255,861	428,773	102,927
Fund balances				
Operating fund	92,407	-	92,407	56,256
Westminster Ponds fund	-	(4,277)	(4,277)	-
Reserve fund, internally restricted (note 6)	67,900	-	67,900	59,450
	160,307	(4,277)	156,030	115,706
	333,219	251,584	584,803	218,633

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, 2017

	Operating Fund \$	Westminster Ponds Fund \$	Reserve Fund \$	2017 \$	2016 \$
Balance - Beginning of year	56,256	-	59,450	115,706	88,202
Excess (deficiency) of revenues over expenses	44,601	(4,277)	-	40,324	27,504
Internally imposed restrictions (note 6)	(8,450)	-	8,450	-	-
Balance - End of year	<u>92,407</u>	<u>(4,277)</u>	<u>67,900</u>	<u>156,030</u>	<u>115,706</u>

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

ReForest London
Statement of Operations
For the year ended December 31, 2017

	Operating and Reserve Fund \$	Westminster Ponds Fund \$	2017 \$	2016 \$
Revenues				
Grants	626,852	-	626,852	489,665
Corporate and other funding	77,046	-	77,046	109,458
Donations	41,723	-	41,723	34,815
In-kind donations	34,059	-	34,059	26,130
Planting services	19,390	-	19,390	12,263
Endowment income (note 7)	8,450	-	8,450	9,150
	<u>807,520</u>	<u>-</u>	<u>807,520</u>	<u>681,481</u>
Expenses				
Payroll	331,603	-	331,603	274,855
Materials	156,967	-	156,967	138,173
Sub-contractor services	133,417	-	133,417	112,166
Other project related	46,001	-	46,001	42,140
Operations	33,461	-	33,461	38,817
Project supplies and equipment	22,687	265	22,952	20,853
Professional services	17,718	4,000	21,718	13,579
Other	6,377	12	6,389	5,880
Travel	7,925	-	7,925	5,507
Bad debt expense	100	-	100	-
Facilities	6,663	-	6,663	2,007
	<u>762,919</u>	<u>4,277</u>	<u>767,196</u>	<u>653,977</u>
Excess (deficiency) of revenues over expenses	<u>44,601</u>	<u>(4,277)</u>	<u>40,324</u>	<u>27,504</u>

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

ReForest London
Statement of Cash Flows
For the year ended December 31, 2017

	Operating and Reserve Fund \$	Westminster Ponds Fund \$	2017 \$	2016 \$
Cash provided by (used in)				
Operating activities				
Excess (deficiency) of revenues over expenses	44,601	(4,277)	40,324	27,504
Net change in non-cash working capital:				
Accounts receivable	(21,692)	(7,616)	(29,308)	1,270
HST receivable	34,010	(14,476)	19,534	(26,861)
Prepaid expenses	-	-	-	3,581
Accounts payable and accrued liabilities	(11,900)	7,930	(3,970)	18,561
Deferred contributions	81,885	94,593	176,478	(38,550)
	<u>126,904</u>	<u>76,154</u>	<u>203,058</u>	<u>(14,495)</u>
Financing activities				
Deferred capital contributions received	-	153,338	153,338	-
Investing activities				
Purchases of assets under construction	-	(153,338)	(153,338)	-
Net increase (decrease) in cash during the year	126,904	76,154	203,058	(14,495)
Cash and cash equivalents - Beginning of year	<u>140,046</u>	<u>-</u>	<u>140,046</u>	<u>154,541</u>
Cash and cash equivalents - End of year	<u>266,950</u>	<u>76,154</u>	<u>343,104</u>	<u>140,046</u>

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

ReForest London

Notes to Financial Statements

December 31, 2017

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

All financial transactions have been recorded in three funds: operating fund, Westminster Ponds fund and reserve fund. The operating fund includes all revenues and expenses of the ongoing activities of the organization, except any activities related to Westminster Ponds. The Westminster Ponds fund includes all revenues and expenses of the ongoing activities of the Westminster Ponds project, which is a project undertaken by the organization in association with Thames Talbot Land Trust (TTLT) to create an environmental center on the lands known as Westminster Ponds. The reserve fund has been setup by the Board of Directors to internally restrict portions of the operating fund for specific purposes.

Revenue recognition

The organization follows the deferral method of accounting for contributions, which includes donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. 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. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Deferred capital contributions restricted for the purchase of property, premises and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related property, premises and equipment.

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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 \$nil (2016 - \$12,892).

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.

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.

ReForest London

Notes to Financial Statements

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3 Assets under construction

Assets under construction are comprised of various assets purchased for the Westminster Ponds project. These assets are not yet in use and accordingly, no amortization has been recorded.

4 Deferred contributions

Deferred contributions represents unspent resources externally restricted for specific projects that are related to a subsequent period. The deferred contributions balance is comprised of the following:

	Operating and Reserve Fund \$	Westminster Ponds Fund \$	2017 \$	2016 \$
School Community Challenge	34,704	-	34,704	62,069
Park Naturalization	-	-	-	6,731
Million Tree Challenge	-	-	-	1,500
ReLeaf	38,356	-	38,356	-
Green Legacy	75,625	-	75,625	-
Westminster Ponds	-	94,593	94,593	-
Other	3,500	-	3,500	-
	<u>152,185</u>	<u>94,593</u>	<u>246,778</u>	<u>70,300</u>

5 Deferred capital contributions

Deferred capital contributions represents the unamortized amount of donations and grants received for the Westminster Ponds project from monies already spent on assets under construction. The amortization of capital contributions is recorded as revenue in the statement of operations over the period corresponding with the amortization of the related assets under construction.

	2017 \$	2016 \$
Balance - Beginning of period	-	-
Less: Amount recognized as revenue during the period	-	-
Add: Amount spend on assets under construction during the period	<u>153,338</u>	-
Balance - End of period	<u>153,338</u>	-

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6 Restrictions on fund balances

During the year, the organization's Board of Directors internally restricted \$8,450 (2016 - \$9,350) 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.

7 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, 2017, the fund balance was \$265,293 (2016 - \$253,516) and the organization earned \$8,450 (2016 - \$9,150) of endowment income during the year.