

# **ReForest London**

Financial Statements  
**December 31, 2018**



## *Independent auditor's report*

To the Directors of ReForest London

---

### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ReForest London (the Organization) as at December 31, 2018 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.

#### **What we have audited**

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of fund balances for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the 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.

---

*PricewaterhouseCoopers LLP*  
465 Richmond Street, Suite 400, London, Ontario, Canada N6A 5P4  
T: +1 519 640 8000, F: +1 519 640 8015

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

---

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario  
June 12, 2019

**ReForest London**  
Statement of Financial Position  
As at December 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	293,193	343,104
Accounts receivable	58,706	56,973
Prepaid expenses	4,690	-
HST receivable	55,620	31,388
	<u>412,209</u>	<u>431,465</u>
<b>Property, premises, and equipment</b> (note 3)	<u>294,070</u>	<u>153,338</u>
	<u>706,279</u>	<u>584,803</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	40,793	28,657
Deferred contributions (note 4)	201,233	246,778
Current portion of deferred capital contributions (note 5)	4,238	-
	<u>246,264</u>	<u>275,435</u>
<b>Deferred capital contributions</b> (note 5)	<u>289,832</u>	<u>153,338</u>
	536,096	428,773
<b>Fund balances</b>		
Operating fund	93,983	92,407
Westminster Ponds fund	-	(4,277)
Reserve fund, internally restricted (note 6)	76,200	67,900
	<u>170,183</u>	<u>156,030</u>
	<u>706,279</u>	<u>584,803</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, 2018

---

	Operating Fund \$	Westminster Ponds Fund \$	Reserve Fund \$	2018 \$	2017 \$
<b>Balance – Beginning of year</b>	92,407	(4,277)	67,900	156,030	115,706
Excess of revenues over expenses	14,153	-	-	14,153	40,324
Interfund transfers	(4,277)	4,277	-	-	-
Internally imposed restrictions (note 6)	(8,300)	-	8,300	-	-
<b>Balance – End of year</b>	<u>93,983</u>	<u>-</u>	<u>76,200</u>	<u>170,183</u>	<u>156,030</u>

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

**ReForest London**  
Statement of Operations  
For the year ended December 31, 2018

---

	2018 \$	2017 \$
<b>Revenues</b>		
Grants	629,218	626,852
Corporate and other funding	85,420	77,046
Donations	47,886	41,723
In-kind donations	43,052	34,059
Rental income	22,476	-
Planting services	18,259	19,390
Endowment income (note 7)	8,300	8,450
Amortization of deferred capital contributions	4,238	-
	<hr/> 858,849	<hr/> 807,520
<b>Expenses</b>		
Payroll	347,310	331,603
Trees and plant materials	168,791	156,967
Sub-contractor services	100,951	133,417
Professional services	58,369	21,718
Other project related	55,962	46,001
Facilities	47,176	6,663
Operations	28,162	33,461
Project supplies and equipment	16,593	22,952
Travel	8,656	7,925
Other	8,258	6,389
Amortization expense	4,238	-
Bad debt expense	230	100
	<hr/> 844,696	<hr/> 767,196
<b>Excess of revenues over expenses</b>	<hr/> <b>14,153</b>	<hr/> <b>40,324</b>

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

# ReForest London

## Statement of Cash Flows

For the year ended December 31, 2018

---

	2018 \$	2017 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	14,153	40,324
Items not affecting cash		
Amortization expense	4,238	-
Amortization of deferred capital contributions	(4,238)	-
	<hr/> 14,153	<hr/> 40,324
Net change in non-cash working capital:		
Accounts receivable	(1,733)	(29,308)
Prepaid expenses	(4,690)	-
HST receivable	(24,232)	19,534
Accounts payable and accrued liabilities	12,136	(3,970)
Deferred contributions	(45,545)	176,478
	<hr/> (49,911)	<hr/> 203,058
<b>Financing activities</b>		
Deferred capital contributions received	<hr/> 135,470	<hr/> 153,338
<b>Investing activities</b>		
Purchases of property, premises and equipment	<hr/> (135,470)	<hr/> (153,338)
<b>Net (decrease) increase in cash during the year</b>	(49,911)	203,058
<b>Cash – Beginning of year</b>	<hr/> 343,104	<hr/> 140,046
<b>Cash – End of year</b>	<hr/> 293,193	<hr/> 343,104

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



# ReForest London

## Notes to Financial Statements

December 31, 2018

---

### 1 Purpose of the organization

ReForest London (the Organization) is a charitable organization consisting 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.

### 2 Summary of significant accounting policies

#### Basis of presentation

The financial statements of the Organization have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are outlined below.

#### Fund accounting

All financial transactions have been recorded in two funds: operating fund and reserve fund. The operating fund includes all revenues and expenses of the ongoing activities of the Organization, including any activities related to the Westminster Ponds project which was presented as its own fund in 2017. The Westminster Ponds project was 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 separate fund was created during 2017 to separately track the financial information of the project given the joint venture between the Organization and TTLT. However, during the year TTLT withdrew from the project, and therefore the project is now solely the responsibility of the Organization. As a result, the Westminster Ponds Fund was eliminated as separate tracking is no longer required.

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 grants.

Operating grants are recorded as revenue in the period to which they relate. Unrestricted contributions are recognized as revenue 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.

# ReForest London

## Notes to Financial Statements

December 31, 2018

---

### Contributed services and goods

Contributed services and goods are recorded at the fair value if fair value can be reasonably estimated and reliably determined. Contributed goods and services related to operational activities for the current year are recorded as in-kind donations in the statement of operations. Contributed property, premises and equipment is capitalized and amortized into expenses on a straight-line basis over its estimated useful life.

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.

### Property, premises and equipment

Property, premises and equipment are recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the property, premises and equipment over their estimated useful lives. The annual amortization rates are as follows:

Geothermal	2.5%
Vehicles	10%
Furniture and equipment	10%

### Income taxes

The Organization is registered as a charity under the Income Tax Act, and as such they are exempt from income tax under section 149(1)(f).

### 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 statement of financial position date, as well as revenue and expenses for the year. Accounts specifically affected include the useful life of property, premises and equipment and the amortization of deferred capital contributions. The Organization regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

### 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 operations.

# ReForest London

## Notes to Financial Statements

December 31, 2018

### *Impairment*

Financial assets measured at amortized 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 operations.

### 3 Property, premises and equipment

	<b>2018</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Geothermal	281,726	3,408	278,318
Vehicles	9,500	475	9,025
Furniture and equipment	7,082	355	6,727
	<u>298,308</u>	<u>4,238</u>	<u>294,070</u>
	<b>2017</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
	\$	\$	\$
Geothermal	153,338	-	153,338

During the year vehicles worth \$9,500 (2017 – \$nil) were contributed to the Organization.

### 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:

	<b>2018</b>	<b>2017</b>
	\$	\$
School Seed to Forest	78,030	34,704
ReLeaf	-	38,356
Green Legacy	-	75,625
Westminster Ponds Centre	120,389	94,593
Other	2,814	3,500
	<u>201,233</u>	<u>246,778</u>

# ReForest London

## Notes to Financial Statements

December 31, 2018

---

### 5 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of donations and grants received for the Westminster Ponds project related to amounts spent on property, premises and equipment. The amortization of deferred capital contributions is recorded as revenue in the statement of operations over the period corresponding with the amortization of the related property, premises and equipment.

	2018 \$	2017 \$
Balance – Beginning of year	153,338	-
Less: Amortization of deferred capital contributions	(4,238)	-
Add: In-kind property, premises and equipment received	9,500	-
Deferred capital contributions received and spend during the year	135,470	153,338
Balance – End of year	294,070	153,338

The deferred capital contributions balance above includes a current portion of deferred capital contributions of \$4,238 (2017 – \$nil).

### 6 Restrictions on fund balances

During the year, the Organization's Board of Directors internally restricted \$8,300 (2017 – \$8,450) 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 (the 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, 2018, the fund balance was \$248,133 (2017 – \$265,293) and the Organization earned \$8,300 (2017 – \$8,450) of endowment income during the year.