

# **ReForest London**

Financial Statements  
**December 31, 2021**



## 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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

---

### 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

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.



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.

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

May 6, 2022

# ReForest London

## Statement of Financial Position

As at December 31, 2021

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)		
Internally restricted – operations reserve	103,144	92,800
Internally restricted – capital reserve	32,914	7,799
Externally restricted – deferred contributions (note 6)	608,275	446,231
Unrestricted	59,166	12,050
Accounts receivable (note 15)	179,266	238,510
Prepaid expenses	1,366	1,366
HST receivable	10,819	45,553
	994,950	844,309
<b>Property, premises and equipment</b> (notes 4 and 10)	1,007,879	1,017,158
<b>Intangible assets</b> (note 5)	43,738	16,371
	2,046,567	1,877,838
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 12)	72,858	102,865
Deferred contributions (note 6)	608,275	446,231
Current portion of deferred capital contributions (note 7)	64,414	49,391
Current portion of long-term debt (note 10)	34,913	33,214
	780,460	631,701
<b>Deferred capital contributions</b> (note 7)	885,422	939,619
<b>Long-term debt</b> (note 10)	137,844	150,681
	1,803,726	1,722,001
<b>Fund balances</b>		
Operating fund	106,783	55,238
Operations reserve fund – internally restricted (note 8)	103,144	92,800
Capital reserve fund – internally restricted (note 8)	32,914	7,799
	242,841	155,837
	2,046,567	1,877,838

### 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, 2021

---

	Operating fund \$	Operations reserve fund \$	Capital reserve fund \$	2021 \$	2020 \$
<b>Balance – Beginning of year</b>	55,238	92,800	7,799	155,837	128,320
Excess of revenue over expenses	87,004	-	-	87,004	27,517
Internally imposed restrictions (note 8)	(35,459)	10,344	25,115	-	-
<b>Balance – End of year</b>	<u>106,783</u>	<u>103,144</u>	<u>32,914</u>	<u>242,841</u>	<u>155,837</u>

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

# ReForest London

## Statement of Operations

For the year ended December 31, 2021

	2021 \$	2020 \$
<b>Revenue</b>		
Grants (note 11)	491,238	410,518
Canada Emergency Wage Subsidy (note 15)	194,596	221,102
Corporate and other funding	91,168	76,532
Donations	56,220	57,960
In-kind donations	19,913	38,037
Rental income	83,634	83,401
Planting services	20,748	364
Endowment income (note 9)	9,300	8,300
Other income	25,112	-
Amortization of deferred capital contributions (note 7)	64,414	49,371
	<u>1,056,343</u>	<u>945,585</u>
<b>Expenses</b>		
Payroll	557,184	406,585
Trees and plant materials	83,692	75,662
Amortization expense	64,414	49,371
Sub-contractor services	55,039	115,770
Facilities	52,129	67,367
Professional services	47,432	92,405
Operations	41,038	38,751
Other	28,477	35,466
Other project related expenses	22,041	19,726
Project supplies and equipment	17,249	15,053
Travel	644	1,912
	<u>969,339</u>	<u>918,068</u>
<b>Excess of revenue over expenses</b>	<u>87,004</u>	<u>27,517</u>

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

# ReForest London

## Statement of Cash Flows

For the year ended December 31, 2021

	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	87,004	27,517
Items not affecting cash		
Amortization expense	64,414	49,371
Amortization of deferred capital contributions	(64,414)	(49,371)
	87,004	27,517
Change in non-cash working capital		
Accounts receivable	59,244	(180,848)
Prepaid expenses	-	304
HST receivable	34,734	(23,818)
Accounts payable and accrued liabilities	(30,007)	80,457
Deferred contributions	162,044	34,463
	313,019	(61,925)
<b>Financing activities</b>		
Deferred capital contributions received	25,240	306,000
Payments on long-term debt	(31,138)	(31,105)
Proceeds on long-term debt	20,000	40,000
	14,102	314,895
<b>Investing activities</b>		
Purchases of intangible assets and property, premises and equipment	(82,502)	(350,519)
<b>Increase (decrease) in cash and cash equivalents during the year</b>	244,619	(97,549)
<b>Cash and cash equivalents – Beginning of year</b>	558,880	656,429
<b>Cash and cash equivalents – End of year</b>	803,499	558,880

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

# ReForest London

## Notes to Financial Statements

December 31, 2021

---

### 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 to 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.

The reserve fund has been setup by the Board of Directors (Board) 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.

Endowment contributions received on the Organization's externally held endowments are recognized as revenue in the period they are received.

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, 2021

---

### 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 are capitalized and amortized into expenses on a straight-line basis over their estimated useful lives.

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.

### Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid investments.

### Property, premises and equipment

The Organization applies Section 4433: Tangible Capital Assets Held by Not-for-Profit Organizations. Tangible 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. Amortization is provided over the following periods:

Communication and office equipment	10 years
Vehicles	10 years
Parking lots	20 years
Geothermal	15 years
Site and building services	50 years
Building interiors	10 years
Building structure	50 years
Furniture	10 years

### Intangible assets

Intangible assets consist of the Organization's website, with amortization provided over the estimated useful life of five years straight-line. Internally generated intangible assets are recognized when the expenses are incurred in the development phase.

### Income taxes

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

# **ReForest London**

## **Notes to Financial Statements**

**December 31, 2021**

---

### **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 as at the statement of financial position date, as well as revenue and expenses for the year. Accounts specifically affected include the useful lives 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.

#### **Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write down is based on the asset's replacement cost and any subsequent reversals are recognized in the statement of operations.

## **3 Cash and cash equivalents**

Cash and cash equivalents contain items internally restricted to meet the committed cash needs of the Organization. These amounts have been restricted by the Board.

# ReForest London

## Notes to Financial Statements

December 31, 2021

### 4 Property, premises and equipment

	2021		
	Cost \$	Accumulated amortization \$	Net \$
Communication and office equipment	18,746	4,562	14,184
Vehicles	9,500	3,325	6,175
Parking lots	237,373	29,640	207,733
Geothermal	37,131	8,662	28,469
Site and building services	375,565	21,189	354,376
Building interiors	292,818	59,457	233,361
Building structure	143,910	4,659	139,251
Property	10	-	10
Construction in progress	17,331	-	17,331
Furniture	8,222	1,233	6,989
	1,140,606	132,727	1,007,879
	2020		
	Cost \$	Accumulated amortization \$	Net \$
Communication and office equipment	17,044	2,772	14,272
Vehicles	9,500	2,375	7,125
Parking lots	237,047	17,759	219,288
Geothermal	37,130	6,188	30,942
Site and building services	357,107	13,862	343,245
Building interiors	292,818	30,175	262,643
Building structure	133,677	1,855	131,822
Property	10	-	10
Furniture	8,222	411	7,811
	1,092,555	75,397	1,017,158

Portions of the property are used for leasing purposes.

Included within amortization expense are amounts related to property, premises and equipment of \$57,331 (2020 – \$47,552).

# ReForest London

## Notes to Financial Statements

December 31, 2021

### 5 Intangible assets

	2021		
	Cost \$	Accumulated amortization \$	Net \$
Website	52,640	8,902	43,738
	<hr/>		
	2020		
	Cost \$	Accumulated amortization \$	Net \$
Website	18,190	1,819	16,371
	<hr/>		

Included within amortization expense are amounts related to intangible assets of \$7,083 (2020 – \$1,819).

### 6 Deferred contributions

Deferred contributions represent unspent cash and cash equivalents externally restricted for specific projects that are related to a subsequent period. The deferred contributions balance comprises the following:

	2021 \$	2020 \$
Tree Growing Programs	26,095	26,565
Neighbourhood ReLeaf	16,335	1,000
Westminster Ponds Centre	235,469	221,976
Capital assets not yet purchased	240,338	178,440
Park Naturalizations	19,600	14,250
Other	70,438	4,000
	<hr/>	<hr/>
	608,275	446,231

The balance of restricted cash in accordance with specific agreements is \$608,275 (2020 – \$446,231).

# ReForest London

## Notes to Financial Statements

December 31, 2021

---

### 7 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.

	2021 \$	2020 \$
Balance – Beginning of year	989,010	732,381
Less: Amortization of deferred capital contributions	(64,414)	(49,371)
Add: Deferred capital contributions received and spent during the year	25,240	306,000
Balance – End of year	949,836	989,010

The deferred capital contributions balance above includes a current portion of deferred capital contributions of \$64,414 (2020 – \$49,371).

### 8 Restrictions on fund balances

During the year, the Organization's Board of Directors internally restricted \$10,344 (2020 – \$8,300) of the operating fund to be transferred to the operations reserve fund. In addition, the Organization's Board set up a capital reserve fund and internally restricted \$25,115 (2020 – \$7,799) of the operating fund to be transferred into the capital reserve fund. These internally restricted amounts are not available for other purposes without approval from the Board.

### 9 Endowment fund

The Organization has established an externally held endowment fund at the London Community Foundation (the Foundation). The Foundation will hold the donations received in perpetuity, 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, 2021, the fund balance was \$281,989 (2020 – \$262,794) and the Organization earned \$9,300 (2020 – \$8,300) of endowment income during the year.

# ReForest London

## Notes to Financial Statements

December 31, 2021

---

### 10 Long-term debt

	2021 \$	2020 \$
VERGE Capital Breakthrough fund loan, with blended monthly payments of \$3,302, bearing interest at 5%, due December 5, 2024	112,757	143,895
Canada Emergency Business Account (CEBA) loan, bearing interest at nil%, due December 31, 2023	60,000	40,000
	<hr/>	<hr/>
	172,757	183,895
Less: Current portion	34,913	33,214
	<hr/>	<hr/>
	137,844	150,681
	<hr/>	<hr/>

During the year, a CEBA loan of \$20,000 was received, which is forgivable up to 33% if it is repaid on or before December 31, 2023.

Security for the VERGE loan consists of:

- A collateral charge with a maximum interest rate of 5% per annum to be registered against lands and premises located at 900, 918, 930 and 944 Western Counties Road, London, Ontario, in the amount of \$175,000; and
- An assignment of rental income in the event of default.

Principal payments required in the next three years and thereafter is as follows:

	\$
2022	34,913
2023	96,699
2024 and thereafter	41,145
	<hr/>
	172,757
	<hr/>

# ReForest London

## Notes to Financial Statements

December 31, 2021

---

### 11 Economic dependence

The Organization is economically dependent on its largest donors for a significant portion of its grant revenue.

	2021 %	2020 %
City of London	39	39
ECO Canada	15	14
London Community Foundation	13	6
Ontario Trillium Foundation	15	31
Other	18	10
	<hr/>	<hr/>
	100	100

### 12 Government remittances payable

As at December 31, 2021, outstanding statutory remittances included in accounts payable and accrued liabilities were \$nil (2020 – \$nil).

### 13 Financial instruments

Financial instruments mainly comprise accounts receivable, accounts payable and accrued liabilities and long-term debt.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to interest rate risk on its long-term debt since the interest rate is fixed.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to this risk through its carrying amount of cash and accounts receivables. Cash is held with a reputable financial institution, which mitigates any potential credit risk. The Organization measures its exposure to credit risk based on how long the receivable amounts have been outstanding. No accounts receivable are in arrears.

# ReForest London

## Notes to Financial Statements

December 31, 2021

---

### Market risk

Market risk is the risk the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Organization is not exposed to market risk as cash and cash equivalents represent cash balances in the bank and Government of Canada guaranteed investment certificates.

### 14 Contingencies

The Organization is subject to various legal actions and proceedings that arise in the normal course of business. While the final outcome of such actions and proceedings cannot be predicted with certainty, management believes that the resolution of such actions and proceedings will not have a material impact on the Organization's financial position or results of operations. No accruals for legal matters have been made in the statement of financial position.

### 15 COVID-19

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. This has resulted in limited ability to run programming and tree planting activities. During the year, the Organization applied for \$194,596 (2020 – \$221,102) of the Canada Emergency Wage Subsidy, of which \$46,271 (2020 – \$128,648) is receivable as at December 31, 2021. In addition, a CEBA loan of \$20,000 (2020 – \$40,000) was received, as detailed in note 10.

The full financial impact of the continued effects of COVID-19 are not determinable at this time.