

**LONDON ENVIRONMENTAL INSTITUTE**  
*(Operating as London Environmental Network)*  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**



**LONDON ENVIRONMENTAL INSTITUTE**  
*(Operating as London Environmental Network)*  
**INDEX TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of London Environmental Institute (Operating as London Environmental Network)

### *Opinion*

We have audited the financial statements of London Environmental Institute (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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.

### *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 are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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:

(continues)

Independent Auditor's Report to the Members of London Environmental Institute *(continued)*

- 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.

London, Ontario  
April 8, 2020

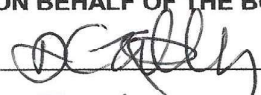

*Valente CPAs LLP*  
Valente CPAs LLP  
Chartered Professional Accountants  
Licensed Public Accountants



**LONDON ENVIRONMENTAL INSTITUTE**  
*(Operating as London Environmental Network)*  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	Restricted 2019	General 2019	Total 2019	Total 2018
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ -	\$ 54,736	\$ 54,736	\$ 17,285
Accounts receivable	-	42,736	42,736	8,862
Harmonized sales tax recoverable	-	-	-	1,022
	-	97,472	97,472	27,169
<b>FUNDING HELD IN TRUST (Note 6)</b>	-	130,000	130,000	111,750
	\$ -	\$ 227,472	\$ 227,472	\$ 138,919
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ -	\$ 17,273	\$ 17,273	\$ 9,608
Harmonized sales tax payable	-	2,911	2,911	-
Employee deductions payable	-	2,947	2,947	3,742
Due to member organizations (Note 4)	-	5,000	5,000	2,119
	-	28,131	28,131	15,469
<b>DEFERRED MEMBERSHIP REVENUES (Note 5)</b>	-	14,507	14,507	-
<b>DEFERRED GRANT (Note 6)</b>	-	130,000	130,000	111,750
	-	172,638	172,638	127,219
<b>NET ASSETS</b>	-	54,834	54,834	11,700
	\$ -	\$ 227,472	\$ 227,472	\$ 138,919

**ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

See the accompanying notes which are an integral part of these financial statements

**LONDON ENVIRONMENTAL INSTITUTE**  
**(Operating as London Environmental Network)**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Restricted <i>December 31</i> 2019	General <i>December 31</i> 2019	Total <i>December 31</i> 2019	Total <i>December 31</i> 2018
<b>REVENUES</b>				
Grants	\$ 180,270	\$ -	\$ 180,270	\$ 42,192
Corporate donations	17,000	45,095	62,095	18,186
General donations	-	3,362	3,362	1,125
Services	-	48,256	48,256	7,770
Events	-	7,814	7,814	2,554
Other	-	18	18	120
Membership dues	-	15,428	15,428	-
	197,270	119,973	317,243	71,947
<b>EXPENDITURES (SCHEDULE 1)</b>	197,270	76,983	274,253	61,285
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	-	42,990	42,990	10,662
<b>OTHER INCOME</b>				
Harmonized sales tax rebate	-	-	-	1,022
Interest income	-	144	144	16
	-	144	144	1,038
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ -	\$ 43,134	\$ 43,134	\$ 11,700

**LONDON ENVIRONMENTAL INSTITUTE**  
**(Operating as London Environmental Network)**  
**STATEMENT OF EXPENDITURES (SCHEDULE 1)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Restricted <i>December 31</i> 2019	General <i>December 31</i> 2019	Total <i>December 31</i> 2019	Total <i>December 31</i> 2018
Salaries and wages	\$ 131,921	\$ 34,000	\$ 165,921	\$ 28,714
Event expenditures	13,997	9,339	23,336	15,081
Consulting fees	11,707	2,928	14,635	-
Memberships	9,445	3,140	12,585	2,036
Office	8,222	1,428	9,650	-
Training	614	7,225	7,839	210
Hardware and software	1,104	4,781	5,885	2,001
Accounting fees	5,479	3,200	8,679	4,181
Sub-contracts	455	4,393	4,848	440
Advertising and promotion	4,486	488	4,974	1,804
Rent and cleaning	1,962	2,948	4,910	2,034
Travel	2,328	1,603	3,931	964
Print materials	2,924	-	2,924	1,481
Legal fees	921	1,094	2,015	1,130
Telephone	1,443	-	1,443	345
Office supplies	251	-	251	228
Bank charges	11	230	241	161
General and administrative expenses	-	186	186	121
Postage	-	-	-	96
Utilities	-	-	-	258
	\$ 197,270	\$ 76,983	\$ 274,253	\$ 61,285

**LONDON ENVIRONMENTAL INSTITUTE**  
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**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Restricted	General	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ -	\$ 11,700	<b>\$ 11,700</b>	\$ -
<b>Excess of revenues over expenditures</b>	-	43,134	<b>43,134</b>	11,700
<b>NET ASSETS - END OF YEAR</b>	\$ -	\$ 54,834	<b>\$ 54,834</b>	\$ 11,700



**LONDON ENVIRONMENTAL INSTITUTE**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Restricted 2019	General 2019	Total 2019	Total 2018
<b>OPERATING ACTIVITIES</b>				
Excess of revenues over expenditures	\$ -	\$ 43,134	\$ 43,134	\$ 11,700
Changes in non-cash working capital:				
Accounts receivable	-	(33,874)	(33,874)	(8,862)
Accounts payable	-	7,665	7,665	9,608
Harmonized sales tax rebate	-	3,933	3,933	(1,022)
Employee deductions payable	-	(795)	(795)	3,742
	-	(23,071)	(23,071)	3,466
Cash flow from operating activities	-	20,063	20,063	15,166
<b>FINANCING ACTIVITIES</b>				
Due to member organizations (Note 4)	-	2,881	2,881	2,119
Deferred membership revenues (Note 5)	-	14,507	14,507	-
Cash flow from financing activities	-	17,388	17,388	2,119
<b>INCREASE IN CASH FLOW</b>	-	37,451	37,451	17,285
Cash - beginning of year	-	17,285	17,285	-
<b>CASH - END OF YEAR</b>	\$ -	\$ 54,736	\$ 54,736	\$ 17,285

**LONDON ENVIRONMENTAL INSTITUTE**  
**(Operating as London Environmental Network)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**1. PURPOSE OF THE ORGANIZATION**

London Environmental Institute (the "Organization") is a not-for-profit organization incorporated on March 6, 2018, under the Canada Not-for-profit Corporations Act. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Organization operates to protect the environment by developing and providing programs designed to protect, steward and preserve the environment.

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**2. BASIS OF PRESENTATION**

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

Some users may require further information as these statements have not been prepared for general purposes.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

*Government Grants*

Government grants are recorded as revenue, when there is a reasonable assurance that the Organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Other investment income is recognized as revenue of the General Fund when earned.

Cash and cash equivalents

Cash includes cash balances held at financial institutions.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed services

The operations of the Organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and, are therefore, not reflected in these financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant items subject to such estimates and assumptions include accounts receivable and HST payable (recoverable). Actual results could differ from these estimates.

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**4. DUE TO MEMBER ORGANIZATIONS**

Throughout the year, the Organization accepts funding on behalf of its member organizations. Funding is to be paid out to its member Organizations, as it is used

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**5. DEFERRED MEMBERSHIP REVENUES**

This refers to the proportion of membership revenues received in the year, but relate to a membership period following the current fiscal year.

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**6. FUNDING HELD IN TRUST/DEFERRED GRANT**

London Community Foundation Vitality Grant for Green Economy

During 2018, the London Community Foundation (LCF) approved funding for the amount of \$200,000. The funding was noted to be payable in two instalments, \$111,750 and \$88,250. Installments were paid to the City of London and held in trust. Amounts were reimbursed to the Organization when used.

The funding was, and is to be allocated towards staff remuneration, purchased services, supplies and materials, travel, carbon accounting software, capital; including laptops and cell phones for staff, overhead and current expenses. The funding period was for three years, commencing January 2019.

In November 2018, the City of London, on behalf of the Organization, has received \$111,750. In December 2019, the City of London received the final instalment of the grant, \$88,250. Additionally, in December 2019, the Organization received another \$5,000 of "Green Project Grant", distributed through LCF, which it will distribute to two GEL members. LCF distributed the full amount of approved funding to the City of \$205,000 by year end.

During 2019, the Organization invoiced the City for \$75,000 of the funds, leaving a total unspent balance of \$130,000, at year end. At year end, the City distributed \$70,000 of \$75,000.

Subsequent to year end, an additional \$50,000 was received. As of the report date, an unspent balance of \$85,000 remains available for use, for the remainder of the funding period.

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**7. LEASE COMMITMENT**

The Organization has entered into an agreement to lease operating space from Reforest London, for \$4,100 per annum. The commitment term is for a period of five years, from January 1, 2019 to December 31, 2023.

Lease repayment schedule:

2020	\$	4,100
2021		4,100
2022		4,100
2023		4,100
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	\$	<u>16,400</u>

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**8. FUNDING COMPLETED IN THE YEAR**

London Community Grants Program - Innovation Grant

In November 2018, the Organization was approved for an operating grant in the amount of \$50,300. This grant was intended to fund staff salaries, general administration, program supplies, and community events related to projects to set greenhouse gas targets, build business network, and create capacity with the business sector to conduct sustainability projects.

During 2019, funding was received in two instalments of \$25,150. The funding period was from January 1, 2019 to December 31, 2019.

At year end, all funds were received and spent.

London Community Grants - Multi-year Grant

In 2016, the London Community Grants Program approved a three year grant, for funding restricted to staff wages and general operations. The funding totaled \$100,000, and was to be disbursed over the course of three years, 2017 to 2019.

During 2019, the final \$40,000 of funding was received.

At year end, all funds were received and spent.

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**9. SUBSEQUENT EVENTS**

London Community Grants Program - Multi-year Grant

During March 2020, the Organization was approved for an operating grant in the amount of \$170,000. This grant is intended to fund staff salaries, general administration, program supplies, and community events related to the Environmental Incubator Project.

The funding will be received over four years, in two instalments of \$21,250 from 2020 to 2023.

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**10. AFFILIATION WITH THAMES TALBOT LAND TRUST**

Prior to incorporation, the Organization was a program within Thames Talbot Land Trust (TTLT). In March 2018, the Organization incorporated and became a segregated entity from TTLT. The Organization received a final payout of \$2,192 from TTLT in March 2019, relating to residual funds from operations held within TTLT.

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**LONDON ENVIRONMENTAL INSTITUTE**  
*(Operating as London Environmental Network)*  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**11. COMPARATIVE FIGURES**

The comparative year figures reflects operations approximating ten months, from the date of incorporation, March 6, 2018 to December 31, 2018.

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