

THAMES TALBOT LAND TRUST

Financial Statements

Year ended December 31, 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Thames Talbot Land Trust

Qualified Opinion

We have audited the financial statements of Thames Talbot Land Trust ("the Trust"), which comprise the Statement of Financial Position as at December 31, 2020, and the Statements of Operations, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020 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 Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Trust. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, net revenue (expense), and cash flows from operations for the years ended December 31, 2020 and 2019, current assets, net assets and total assets as at December 31, 2020 and 2019. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in scope.

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

Emphasis of Matter

We draw attention to Note 9 of the financial statements, which describes the effects of the COVID-19 pandemic on the Trust's operations. Our opinion is not modified in respect of this matter.

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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

Bringing Solutions Together

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 Trust'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 Trust'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 Trust'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 Trust 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 achieve 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
May 19, 2021

**Chartered Professional Accountants
Licensed Public Accountants**

THAMES TALBOT LAND TRUST

Statement of Financial Position

As at December 31, 2020

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2020	Restated Note 11 Total 2019
ASSETS						
CURRENT						
Cash	\$ 84,884	\$ 1,301	\$ -	\$ 71,146	\$ 157,331	\$ 385,962
Investments (Note 3)	-	170,878	-	416,262	587,140	379,057
Accounts receivable	24,702	1,360	-	-	26,062	28,270
Government remittances recoverable	21,924	-	-	-	21,924	4,149
	131,510	173,539	-	487,408	792,457	797,438
CAPITAL ASSETS (Note 4)	-	-	-	-	-	2,729
LAND	-	-	5,129,988	-	5,129,988	4,250,044
	\$ 131,510	\$ 173,539	\$ 5,129,988	\$ 487,408	\$ 5,922,445	\$ 5,050,211
LIABILITIES						
CURRENT						
Accounts payable and accrued liabilities	\$ 19,902	\$ -	\$ -	\$ -	\$ 19,902	\$ 29,793
Government remittances payable	3,808	-	-	-	3,808	4,154
Deferred contributions (Note 6)	4,500	105,380	-	129,146	239,026	196,314
	28,210	105,380	-	129,146	262,736	230,261
NET ASSETS	103,300	68,159	5,129,988	358,262	5,659,709	4,819,950
	\$ 131,510	\$ 173,539	\$ 5,129,988	\$ 487,408	\$ 5,922,445	\$ 5,050,211

APPROVED BY THE DIRECTORS:



Director



Director

THAMES TALBOT LAND TRUST

Statement of Changes in Net Assets
Year ended December 31, 2020

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2020	Restated Note 11 Total 2019
NET ASSETS, BEGINNING OF YEAR	\$ 98,188	\$ 78,515	\$ 4,276,214	\$ 367,033	\$ 4,819,950	\$ 4,360,631
Net revenue (expense)	27,981	(3,263)	675,000	140,041	839,759	459,319
	126,169	75,252	4,951,214	507,074	5,659,709	4,819,950
Net interfund transfers (Note 5)	(22,869)	(7,093)	178,774	(148,812)	-	-
NET ASSETS, END OF YEAR	\$ 103,300	\$ 68,159	\$ 5,129,988	\$ 358,262	\$ 5,659,709	\$ 4,819,950

THAMES TALBOT LAND TRUST

Statement of Operations
Year ended December 31, 2020

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2020	Restated Note 11 Total 2019
REVENUE						
Donated land	\$ -	\$ -	\$ 675,000	\$ -	\$ 675,000	\$ 105,000
Donations	72,675	4,695	-	316,842	394,212	384,833
Grants	-	103,492	-	14,602	118,094	363,268
Canada Emergency Wage Subsidy (Note 10)	35,135	17,113	-	1,660	53,908	-
Fundraising	36,165	-	-	-	36,165	43,082
London Community Foundation distribution	-	26,500	-	-	26,500	25,200
Investment	165	22,544	-	2,065	24,774	43,595
Agricultural rental	8,004	-	-	-	8,004	9,048
Membership fees	7,450	-	-	-	7,450	7,003
	<u>159,594</u>	<u>174,344</u>	<u>675,000</u>	<u>335,169</u>	<u>1,344,107</u>	<u>981,029</u>
EXPENSES						
Salaries and wages	84,683	113,899	-	17,356	215,938	243,811
London Community Foundation contribution	-	-	-	159,000	159,000	112,080
Property stewardship	-	50,864	-	-	50,864	59,379
Administrative and office	26,212	-	-	212	26,424	30,073
2020 campaign	-	-	-	9,717	9,717	3,559
Professional fees	9,185	-	-	-	9,185	20,488
Automotive	-	6,482	-	-	6,482	6,232
Investment management fees	-	6,362	-	-	6,362	5,900
Property acquisition	-	-	-	8,377	8,377	22,597
Marketing and promotion	3,599	-	-	-	3,599	9,831
Insurance	3,442	-	-	-	3,442	3,134
Membership fees	2,627	-	-	-	2,627	2,620
Bank charges and interest	1,865	-	-	466	2,331	2,006
	<u>131,613</u>	<u>177,607</u>	<u>-</u>	<u>195,128</u>	<u>504,348</u>	<u>521,710</u>
Net revenue (expense)	\$ 27,981	\$ (3,263)	\$ 675,000	\$ 140,041	\$ 839,759	\$ 459,319

THAMES TALBOT LAND TRUST

Statement of Cash Flows
Year ended December 31, 2020

Restated Note 11

	2020	2019
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net revenue	\$ 839,759	\$ 459,319
Add (deduct) non-cash items:		
Amortization	-	1,169
Donation of land	(675,000)	(105,000)
Loss on disposal of capital asset	2,729	-
Change in non-cash working capital items:		
Government remittances recoverable	(18,123)	2,884
Accounts payable and accrued liabilities	(9,887)	(7,097)
Deferred contributions	42,713	112,068
Accounts receivable	2,208	(18,145)
	<u>184,399</u>	<u>445,198</u>
INVESTING ACTIVITIES		
Purchase of land	(204,944)	(488,583)
Purchase of investments	(343,011)	(245,686)
Capital withdrawals on investments	134,925	102,355
	<u>(413,030)</u>	<u>(631,914)</u>
DECREASE IN CASH	(228,631)	(186,716)
Cash, BEGINNING OF YEAR	<u>385,962</u>	<u>572,678</u>
CASH, END OF YEAR	<u>\$ 157,331</u>	<u>\$ 385,962</u>

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

1. PURPOSE OF THE ORGANIZATION AND STATUTORY INFORMATION

Thames Talbot Land Trust ("the Trust") was incorporated by Letters Patent constituting a corporation without share capital on March 28, 2000 and is a registered charity pursuant to the Income Tax Act. Its purpose is to protect areas of ecological value, protect areas of importance for water supplies and to acquire and hold lands for conservation purposes. According to the provisions of the Income Tax Act (Canada), the Trust is exempt from taxes on income.

2. ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

Revenue Recognition

The Trust follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Investment income earned, including realized and unrealized gains and losses, is recognized on an accrual basis as revenue of the appropriate fund.

Membership fees and rental income are recognized as revenue in the period in which they are earned and collection is reasonably assured. These revenues are considered earned over the term of the membership/rental agreement.

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand, balances with banks and money market funds.

Capital Assets and Land

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance method over the estimated useful lives of the assets at the following annual rates, with one-half the rate in the year of acquisition.

Land owned by the Trust is recorded as a capital asset at fair market value at the time of acquisition, where such value can be reasonably determined, and is not amortized.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Trust maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting purposes into funds according to the objective specified as follows:

Operating Fund

The Operating Fund accounts for the day to day operating activities of the Trust.

Stewardship Fund

The Stewardship Fund provides for the maintenance of Trust properties.

Conservation Lands Fund

The Conservation Lands Fund holds properties donated to or acquired by the Trust.

Opportunities Fund

The Opportunities Fund is used to secure the donation or acquisition of land or conservation of easements.

Contributed Services

Volunteers contribute many hours each year to assist the Trust in carrying out its activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Specific estimates include the useful lives of capital assets, amortization rates and methods, non-monetary transactions, grant revenue recognition and fund allocation of revenue and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue (expense) in the period in which they become known.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Measurement of financial instruments:

The Trust initially measures its financial assets and financial liabilities at fair value. The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue (expense).

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue (expense).

Transaction costs:

The Trust recognizes its transactions costs in net revenue (expense) in the period incurred. However, financial instrument that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. INVESTMENTS

The Stewardship Funds and Opportunities Funds' investments, recorded at fair market value, consist of the following:

	2020	2019
TD Canada Trust - GICs (Stewardship Fund)	\$ 23,025	\$ 22,642
RBC - money market funds (Opportunities Fund)	416,262	240,360
London Community Foundation - Jane M. Bowles (Stewardship Fund)	147,853	116,055
	<u>\$ 587,140</u>	<u>\$ 379,057</u>

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2020	2019
Vehicle	\$ -	\$ -	\$ -	\$ 2,729

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

5. TRANSFER BETWEEN FUNDS

During the year, the Trust transferred amounts between funds as follows:

- A transfer of \$169,429 from the Stewardship Fund to the Operating Fund to cover general expenses and a transfer of \$162,337 from the Operating Fund to the Stewardship Fund for donations and grants deposited to the Operating Fund.
- A transfer of cashed investments were deposited from the Opportunities Fund to the Operating Fund in the amount of \$116,930. Cash transferred from the Operating Fund to the Opportunities Fund in the amount of \$159,000 for the contribution to London Community Foundation.
- A transfer of \$44,037 from the Conservation Fund to the Operating Fund for HST claimed in and grants deposited to the Operating Fund.
- A transfer of \$222,974 from the Opportunities Fund and \$164 to the Operating Fund for a total of \$222,810 to the Conservation Fund to fund purchase costs of Ross's Woods (Oxford B10).
- A transfer of \$37,376 to the Operating Fund from the Opportunities Fund for general expenses.
- A transfer of grants and donations received in the amounts of \$72,398 from the Operating Fund to the Opportunities Fund.

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent revenue received for which the completion of a grant contract and expenses will occur in a subsequent period.

Operating Fund

Deferred contributions of \$4,500 represent 2021 Passport 2 Nature sponsorship amounts received.

Stewardship Fund

In 2014, the Board established a limited term restricted fund at the London Community Foundation for the Jane M. Bowles Stewardship Fund. This fund is used to support the salary for the property manager position at the Trust. During 2014, \$220,000 was deposited to the fund. This fund continues to receive donations annually and is a component of the 2020 campaign. In 2018, two new grant projects were started with Ontario Trillium Foundation for school programs and CMHA. The unspent amounts at year-end are included below.

Changes in the deferred contributions are as follows:

	2020	2019
Beginning balance	\$ 66,314	\$ 84,247
Add: Jane M. Bowles Stewardship Fund contributions	41,464	20,849
Add: Ontario Trillium Foundation contributions	34,700	69,400
Add: Other restricted contributions	70,083	-
Add: TD Engaging Stewardship contributions	-	13,296
Less: amounts recognized as revenue during year	(107,181)	(121,478)
	<u>\$ 105,380</u>	<u>\$ 66,314</u>

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

6. DEFERRED CONTRIBUTIONS (continued)

The total amount externally restricted for the property manager position is \$47,839 (2019 - \$24,973) and the amount externally restricted for the school programs and CMHA is \$45,449 (2019 - \$41,341). The other restricted contributions consist of: Nature London \$3,500 (\$2,188 unspent), Nature Canada, \$10,000 (\$5,164 unspent), Signal Boost \$8,112, Carolinian Canada Conservation \$13,500, TD Diversifying Conservation \$4,780 (\$4,740 unspent), Canada Summer Jobs \$21,701, among other amounts received for other miscellaneous property uses.

Opportunities Fund

Changes in the deferred contributions, which are externally restricted for the purpose of campaigning to acquire new conservation lands, are as follows:

	2020	2019
Beginning balance	\$ 130,000	\$ -
Add: Bruce Flowers contributions	-	150,000
Add: Nature Conservancy of Canada contributions	29,935	-
Less: amounts recognized as revenue during year	(30,789)	(20,000)
	<u>\$ 129,146</u>	<u>\$ 130,000</u>

The total amount externally restricted for Bruce Flowers is \$114,000 (2019 - \$130,000) and the amount externally restricted for the Nature Conservancy of Canada is \$15,146 (2019 - \$NIL).

7. COMMITMENT

The Trust has signed a lease agreement with Reforest London to rent two offices at the Bruce Pavilion (Westminster Ponds Centre). The lease commences January 1, 2020 and expires December 31, 2022 at a cost of \$12,936 plus HST annually.

8. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the Trust or transferring to another party. The risks identified by the Trust are as follows:

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 Trust's investments are a mix of fixed and variable interest rates. Accordingly, the Trust is exposed to interest rate risk resulting in changes to future interest rates applicable to its investments with variable interest rates.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

8. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust is exposed to market risk to the extent of its investments in Stewardship Fund marketable securities as shown on the Statement of Financial Position.

Other Risks

It is management's belief that the Trust is not exposed to significant market, credit, currency and liquidity risk.

The nature, extent and concentration of the Trust's exposure to the above risks did not change during the fiscal year.

9. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic could impact demand for products and services in the near future. The impact to the Trust is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the Trust.

10. GOVERNMENT ASSISTANCE

During the year, the Trust applied and was approved for a federal subsidy of \$53,908 as part of the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS) programs. The purpose of these programs is to enable businesses affected by COVID-19 to re-hire and retain employees.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2020

11. RESTATEMENT OF COMPARATIVE AMOUNTS

The Trust has restated certain comparative figures to reflect that the Trust does not have control over the endowment fund investments.

The Trust is restating the Endowment Fund to remove the endowment investments, net assets, investment income and expense. The Trust is now recording the disbursements received from and contributions made to the investments as revenues and expenses of the Operating Fund. Accordingly, opening net assets as at January 1, 2019 and net revenue for the comparative year have been restated as follows:

	<u>2019</u>
Net Assets, Beginning of year as previously reported	\$ 5,119,364
Restatement of investments	<u>(758,733)</u>
Net Assets, Beginning of year as restated	<u>4,360,631</u>
Net revenue as previously reported	614,244
Decrease in investment income	(80,251)
Decrease in investment management fees	12,206
Increase to London Community Foundation contribution	(112,080)
Increase to London Community Foundation distribution	<u>25,200</u>
Net revenue as restated	<u>459,319</u>
Net Assets, End of year as restated	<u>\$ 4,819,950</u>