

**Thames Talbot Land Trust**

**Financial Statements**

**December 31, 2008**



Chartered Accountants

495 Richmond Street Suite 700  
P.O. Box 5005  
London, Ontario, Canada  
N6A 5G4

## Auditors' Report

To the Trustees of the Thames Talbot Land Trust

We have audited the balance sheet of Thames Talbot Land Trust as at December 31, 2008 and the statements of revenue and expenses and cash flow for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Trust derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of cash receipts was confined to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to donation revenues, assets or fund balances.

In our opinion, except for the effect of adjustments, if any, which might have been determined necessary had we been able to verify donations satisfactorily as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Thames Talbot Land Trust as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Collins Barrow KMD LLP*

LICENCED PUBLIC ACCOUNTANTS

London, Ontario  
March 4, 2009

**Thames Talbot Land Trust**  
**Statement of Financial Position**  
**December 31, 2008**

	2008				2007	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
<b>Assets</b>						
Current						
Cash	\$ 28,799	\$ 8,980	\$	\$ 36,123	\$ 73,902	\$ 96,611
Interfund receivable (payable)	16,597	3,127		(19,724)		
GST receivable	2,674				2,674	2,724
Investments (note 4)		254,800		1,170,111	1,424,911	653,995
Prepaid expenses	1,500		4,740		6,240	1,900
Total current assets	49,570	266,907	4,740	1,186,510	1,507,727	755,230
Other assets						
Land			1,217,263		1,217,263	881,001
	\$ 49,570	\$ 266,907	\$ 1,222,003	\$ 1,186,510	\$ 2,724,990	\$ 1,636,231
<b>Liabilities and net assets</b>						
Accrued liabilities	\$ 3,171	\$	\$	\$	\$ 3,171	\$ 5,653
Net assets						
see Statement 2	46,399	266,907	1,222,003	1,186,510	2,721,819	1,630,578
	\$ 49,570	\$ 266,907	\$ 1,222,003	\$ 1,186,510	\$ 2,724,990	\$ 1,636,231

See accompanying notes

Approved by:

\_\_\_\_\_ Trustee \_\_\_\_\_ Trustee

**Thames Talbot Land Trust**  
**Statement of Changes in Net Assets**  
 Year Ended December 31, 2008

	2008				2007	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
Balance, beginning of year	\$ 44,276	\$ 265,595	\$ 881,001	\$ 439,706	\$ 1,630,578	\$ 714,254
Excess revenue (expenses)	(23,046)	828	330,000	783,459	1,091,241	905,729
Stewardship fund contributions						10,595
Internal transfers	<u>25,169</u>	<u>484</u>	<u>11,002</u>	<u>(36,655)</u>		
Net assets, end of year	\$ 46,399	\$ 266,907	\$ 1,222,003	\$ 1,186,510	\$ 2,721,819	\$ 1,630,578

**Thames Talbot Land Trust**  
**Consolidated Statement of Operations**  
**Year ended December 31, 2008**

	2008	2007
<b>Revenue</b>		
Membership fees	\$ 6,235	\$ 5,965
Donations - general	41,745	21,104
Richard and Beryl Ivey contribution to Opportunities Fund	250,000	250,000
Beryl Ivey Bequest to to Opportunities Fund	500,000	
Donations - Opportunities Fund	16,445	436,464
Grants	53,616	25,000
Donated land	330,000	254,000
Interest	28,872	22,006
Unrealized loss on investments	(21,356)	
Workshops and miscellaneous	<u>15,165</u>	<u>7,179</u>
	<u>1,220,722</u>	<u>1,021,718</u>
<b>Expenses</b>		
Advertising and promotion	2,217	5,271
Audit and legal	5,000	2,747
Bank charges and interest	724	730
Board development and training	1,358	883
Executive Directors costs	68,445	51,774
Insurance - directors & officers	1,597	1,730
Meetings - board and AGM	1,689	1,237
Membership fees	1,493	1,659
Miscellaneous administration	6,879	5,161
Newsletter/Web Page	4,007	1,962
Office rent	5,000	
Property acquisition costs	5,767	27,315
Property stewardship	22,169	13,815
Workshops	<u>3,136</u>	<u>1,705</u>
Total expenses	<u>129,481</u>	<u>115,989</u>
Excess of revenues over expenses	1,091,241	905,729
Net assets, beginning of year	<u>\$ 1,630,578</u>	<u>\$ 714,254</u>
Net assets, end of year	<u>\$ 2,721,819</u>	<u>\$ 1,630,578</u>

See accompanying notes

**Thames Talbot Land Trust**  
**Statement of Cash Flows**  
**Year ended December 31, 2008**

	2008	2007
Cash flow from operating activities		
Excess revenue (expenses) - statement 2	\$ 1,091,241	\$ 905,729
Net change in non-cash working capital:		
Prepaid expenses	(4,340)	(920)
GST receivable	50	(2,724)
Accrued liabilities	<u>(2,482)</u>	<u>4,052</u>
	<u>1,084,469</u>	<u>906,137</u>
Cash flow from financing and investing activities		
Land acquisitions	(336,262)	(757,001)
Stewardship fund contributions		10,595
Investment purchases	<u>(770,916)</u>	<u>(362,444)</u>
	<u>(1,107,178)</u>	<u>1,108,850</u>
Change in cash during year	(22,709)	(202,713)
Cash, beginning of year	<u>96,611</u>	<u>299,324</u>
Cash, end of year	<u>\$ 73,902</u>	<u>\$ 96,611</u>

See accompanying notes

**Thames Talbot Land Trust**  
**Notes to the Financial Statements**  
**December 31, 2008**

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**1. Nature of Operations**

Thames Talbot Land Trust was incorporated March 28, 2000 under the laws of Canada. 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.

**2. Change in accounting policy**

The Land Trust adopted the provisions of CICA Sections 3855, Financial Instruments - Recognition and Measurement, 3865 on January 1, 2007 which addresses the classification, recognition and measurement of financial instruments in the financial statements. There has been no effect on the Land Trust's carrying value of investments since for all investments held are fair value and cost are essentially equal.

**3. Significant accounting policies**

The financial statements of the Thames Talbot Land Trust are the representation of the corporation prepared in accordance with Canadian generally accepted accounting principles. In addition to the operating fund a Stewardship fund has been created to provide for the maintenance of Trust properties. The Opportunities Fund was established in 2005 and the funds accumulated therein will be used to secure the donation or acquisition of land or conservation easements. The conservation lands fund holds properties donated to or acquired by the Trust. Some of the more significant accounting principles are as follows:

**(a) Basis of accounting**

The financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred.

**(b) Revenue recognition**

Thames Talbot Land 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.

**(c) Contributed services**

No amounts have been recorded in the financial statements for contributed services.

**(d) Furniture and equipment**

Prior to 2007 purchases of furniture and equipment were expensed through the operating fund. Beginning in the current fiscal year such assets will be capitalized and amortized over a 10 year period on a straight line basis. There were no such purchases of significance during the year.

**Thames Talbot Land Trust**  
**Notes to the Financial Statements**  
**December 31, 2008**

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**3. Significant accounting policies - continued**

**(e) Investments**

The investments are classified as financial instruments held for trading and are reported at fair value at each balance sheet date. Any change in fair value is recognized as a revenue or expense in the period during which the change occurs. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risk arising from these financial statements.

**(f) Income taxes**

According to the provisions of the Income Tax Act (Canada), the Land Trust is exempt from taxes on income.

During the year, the Land Trust expended sufficient amounts on charitable activities and by way of gifts to qualified donees to meet the disbursement quota requirements as defined in paragraph 149.1(1)(e) of the Income Tax Act (Canada).

**(g) Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**(h) Financial Instruments**

The fair values of the Land Trust's financial current assets and liabilities, including cash, GST receivable, interest receivable, accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term maturity dates.

**(a) Credit risk**

The Land Trust does not have any credit risk concentration.

**(b) Currency risk**

The Land Trust does not have investments in foreign securities and therefore it is not exposed to currency risk.

**(c) Interest rate risk**

Interest rate risk refers to adverse consequences of interest rate changes on the Land Trust's cash flows, financial position and income. The value of the assets is affected by market changes in interest rates. Interest rate changes directly impact the value of fixed income securities.



**Thames Talbot Land Trust**  
**Notes to the Financial Statements**  
**December 31, 2008**

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**4. Subsequent Events**

Subsequent to year end, local property owners signed an agreement to sell their property to Nature Conservancy Canada for \$150,000. The closing date for the transaction is March 30, 2009. The ownership of the property will then be transferred to Thames Talbot Land Trust. The Land Trust has committed to pay land transaction costs of \$18,725 and set up an endowment fund of \$22,500 for the stewardship of this property resulting in a total commitment of \$41,225 for the property.

**5. Investments**

The Stewardship Fund's investments consist of the following held at year-end;

	<u>2008</u>	<u>2007</u>
TD Canada Trust- GICs	\$ 51,156	\$ 255,000
London Community Foundation- Endowment Fund (FMV) (Cost- \$225,000)	<u>203,644</u>	<u>-</u>
	<u>\$ 254,800</u>	<u>\$ 255,000</u>

The Opportunities Fund's investments consist of the following held at year-end;

TD Canada Trust- Money Market GICs	<u>\$ 1,170,111</u>	<u>\$ 398,995</u>
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