

Thames Talbot Land Trust

Financial Statements

December 31, 2011



Chartered Accountants

Collins Barrow KMD LLP
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Auditors' Report

To the Trustees of the Thames Talbot Land Trust

We have audited the accompanying financial statements of Thames Talbot Land Trust which comprise the statement of financial position as at December 31, 2011, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except as noted in the following paragraphs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

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.

Opinion

Except as noted in the above paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of Thames Talbot Land Trust as at December 31, 2011, and the results of its operations and its cash flows for the year then ended then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Collins Barrow KMD LLP

CHARTERED ACCOUNTANTS
LICENCED PUBLIC ACCOUNTANTS

London, Ontario
March 27, 2012

Thames Talbot Land Trust
Statement of Changes in Net Assets
Year Ended December 31, 2011

	2011				2010	
	<u>Operating Fund</u>	<u>Stewardship Fund</u>	<u>Conservation Lands Fund</u>	<u>Opportunities Fund</u>	<u>Totals</u>	<u>Totals</u>
Balance, beginning of year	\$ 37,980	\$ 509,866	\$ 1,815,931	\$ 981,964	\$ 3,345,741	\$ 3,183,747
Excess revenue over expenditures for the year	(57,240)	886		53,967	(2,387)	161,994
Net internal transfers	<u>30,891</u>	<u>(1,529)</u>	<u>11,154</u>	<u>(40,516)</u>		
Net assets, end of year	\$ 11,631	\$ 509,223	\$ 1,827,085	\$ 995,415	\$ 3,343,354	\$ 3,345,741

See accompanying notes

Thames Talbot Land Trust
Statement of Operations
Year ended December 31, 2011

	2011				2010	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
Revenue						
Agricultural rental income		\$ 1,529			\$ 1,529	1,890
Donations	\$ 24,642	1,600		\$ 32,233	58,475	\$ 115,365
Grants	10,400			11,946	22,346	112,748
Investment income		4,789		10,521	15,310	11,634
Membership fees	9,425				9,425	6,450
Unrealized gain on investments						35,035
Workshops and miscellaneous	4,128				4,128	13,838
	<u>48,595</u>	<u>7,918</u>		<u>54,700</u>	<u>111,213</u>	<u>296,960</u>
Expenses						
Advertising and promotion	2,857				2,857	2,847
Audit and legal	6,141				6,141	5,496
Bank charges and interest	769				769	750
Board development and training	521				521	3,866
Donations						200
Executive director's costs	75,030				75,030	69,196
Insurance - directors & officers	2,084				2,084	2,037
Investment management fees		7,032			7,032	6,034
Meetings - board and AGM	2,465				2,465	2,431
Membership fees	1,433				1,433	1,740
Miscellaneous administration	7,234				7,234	12,059
Newsletter and web page	448				448	1,243
Office rent	409				409	6,147
Property acquisition costs				733	733	6,295
Property stewardship	4,197				4,197	14,141
Workshops	2,247				2,247	484
	<u>105,835</u>	<u>7,032</u>		<u>733</u>	<u>113,600</u>	<u>134,966</u>
Total expenditures						
Excess of revenues over expenditures for the year	\$ (57,240)	\$ 886	\$	\$ 53,967	\$ (2,387)	\$ 161,994

See accompanying notes

Thames Talbot Land Trust
Statement of Cash Flows
Year ended December 31, 2011

	2011	2010
Cash flow from operating activities		
Excess of revenue over expenditures - statement 2	\$(2,387)	\$ 161,994
Net change in non-cash working capital:		
Prepaid expenses	1,435	(1,435)
HST receivable	(1,475)	(700)
Accrued liabilities	<u>1,163</u>	<u>2,701</u>
	<u>(1,264)</u>	<u>162,560</u>
Cash flow from financing and investing activities		
Land acquisitions	(12,590)	(229,348)
Investment disposals	<u>6,658</u>	<u>117,796</u>
	<u>(5,932)</u>	<u>(111,552)</u>
Change in cash during year	(7,196)	51,008
Cash, beginning of year	<u>116,413</u>	<u>65,405</u>
Cash, end of year	\$ 109,217	\$ 116,413

See accompanying notes

Thames Talbot Land Trust
Notes to the Financial Statements
December 31, 2011

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. 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. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

(a) Fund accounting

Thames Talbot Land Trust has the following funds:

(i) Operating Fund

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

(ii) Stewardship Fund

Stewardship fund has been created to provide for the maintenance of Trust properties.

(iii) Opportunities Fund

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.

(iv) Conservation Lands Fund

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

(b) 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.

(c) 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.

2. Significant accounting policies - continued

(d) Contributed services

Some of the work of the Trust is dependent on the service of volunteers. Since these services are not normally purchased by the Trust and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

(e) Land

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.

(f) 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.

(g) 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).

(h) 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 amounts reported in the financial statements and the accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year in which they become known. Actual results may vary from these estimates.

Thames Talbot Land Trust
Notes to the Financial Statements
December 31, 2011

2. Significant accounting policies - continued

(i) Financial Instruments

As permitted for non-profit organizations, Thames Talbot Land Trust is applying Section 3861 - Financial Instruments - Disclosure and Presentation, in place of Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. The Foundation's financial instruments consist of:

Cash	Held for trading
Short term investments	Held for trading
Accrued liabilities	Other liabilities

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value on the balance sheet date. Any change in fair value is recognized as a revenue or expense in the period during which the change occurs.

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

3. Investments

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

	<u>2011</u>	<u>2010</u>
TD Canada Trust- GICs	\$ 20,785	\$ 20,528
London Community Foundation- Endowment Fund	<u>448,356</u>	<u>465,792</u>
	<u>\$ 469,141</u>	<u>\$ 486,320</u>

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

TD Canada Trust- GICs	\$ 327,719	\$ 324,648
RBC Mutual Funds	<u>614,374</u>	<u>606,924</u>
	<u>\$ 942,093</u>	<u>\$ 931,572</u>

4 Capital disclosures

The Trust's capital consists of the fund balances in the Operating fund, Stewardship fund, Conservation Lands Fund and the Opportunities fund. The Trust's primary objective of capital management is to ensure it has sufficient resources to meet its stated objectives. The Trust is not subject to any externally imposed capital requirements.

Capital is invested under the direction of the Board of Directors of the Trust with the objectives of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements.

5 Investment risk management

The Trust has policies and procedures to establish a target asset mix to help protect against the follow risks. Unless otherwise noted it is managements opinion that the Trust is not exposed to significant currency, market or credit risks.

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.

6. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.