

Thames Talbot Land Trust
Financial Statements
Years ended December 31, 2012 and 2011

Thames Talbot Land Trust

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Independent Auditor's Report

To the Members of Thames Talbot Land Trust

We have audited the accompanying financial statements of Thames Talbot Land Trust, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

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 company'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.

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

Basis for Qualified Opinion

In common with many charitable organizations, the Thames Talbot Land Trust derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2012 and December 31, 2011, current assets and net assets at December 31, 2012, December 31, 2011 and January 1, 2011.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Thames Talbot Land Trust as at December 31, 2012, December 31, 2011 and January 1, 2011, and its results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

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 accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.


Chartered Accountants
Licensed Public Accountants

London, Canada
March 13, 2013

Thames Talbot Land Trust

Statement of Financial Position

As at December 31, 2012, December 31, 2011 and January 1, 2011

As at December 31	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2012	Total 2011	January 1, 2011
ASSETS							
Current assets							
Cash	59,740	28,658	-	23,317	111,715	109,217	116,413
Investments (Note 4)	-	487,859	-	785,108	1,272,967	1,411,235	1,417,892
HST receivable	3,475	-	-	-	3,475	4,300	2,825
Prepaid expenses	1,400	-	-	-	1,400	1,400	2,835
	64,615	516,517	-	808,425	1,389,557	1,526,152	1,539,965
	-	-	2,035,274	-	2,035,274	1,827,085	1,814,496
Land	64,615	516,517	2,035,274	808,425	3,424,831	3,353,237	3,354,461
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities (Note 5)	9,188	-	-	-	9,188	9,883	8,720
Deferred contributions	12,829	-	-	-	12,829	-	-
	22,017	-	-	-	22,017	9,883	8,720
FUND BALANCES							
	42,598	516,517	2,035,274	808,425	3,402,814	3,343,354	3,345,741
Net assets	64,615	516,517	2,035,274	808,425	3,424,831	3,353,237	3,354,461

See accompanying notes

Approved on behalf of the Board of Directors:

Director, _____

Director, _____

Thames Talbot Land Trust
Statement of Changes in Net Assets
Year ended December 31, 2012 and 2011

For the year ended December 31	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2012	Total 2011
Net assets, beginning of year	\$ 11,631	\$ 509,223	\$ 1,827,085	\$ 995,415	\$ 3,343,354	\$ 3,345,741
Excess (deficiency) of revenues over expenditures for the year	3,238	49,545	-	6,677	59,460	(2,387)
Net internal fund transfers	27,729	(42,251)	208,189	(193,667)	-	-
Net assets, end of year	\$ 42,598	\$ 516,517	\$ 2,035,274	\$ 808,425	\$ 3,402,814	\$ 3,343,354

See accompanying notes

Thames Talbot Land Trust

Statement of Operations

Year ended December 31, 2012 and 2011

For the year ended December 31	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2012	Total 2011
Revenue						
Agricultural rental income	\$ -	\$ 9,729	\$ -	\$ -	\$ 9,729	\$ 1,529
Donations	91,543	100	-	-	91,643	58,475
Grants	9,000	-	-	-	9,000	22,346
Investment income	-	46,747	-	9,247	55,994	15,310
Membership fees	3,770	-	-	-	3,770	9,425
Trillium grant	32,071	-	-	-	32,071	-
Workshops and miscellaneous	5,549	-	-	-	5,549	4,128
	141,933	56,576	-	9,247	207,756	111,213
Expenses						
Administrative and general	10,633	-	-	-	10,633	7,234
Advertising and promotion	2,611	-	-	-	2,611	2,857
Audit and legal	7,910	-	-	-	7,910	6,141
Bank charges and interest	1,375	-	-	-	1,375	769
Board development and training	-	-	-	-	-	521
Executive director costs	69,396	-	-	-	69,396	75,030
Insurance - directors and officers	1,981	-	-	-	1,981	2,084
Investment management fees	-	7,031	-	-	7,031	7,032
Meetings - board and AGM	1,506	-	-	-	1,506	2,465
Membership fees	1,765	-	-	-	1,765	1,433
Newsletter and web page	823	-	-	-	823	448
Office rent	485	-	-	-	485	409
Property acquisition costs	-	-	-	2,570	2,570	733
Property stewardship	7,256	-	-	-	7,256	4,197
Trillium grant expenditures	32,071	-	-	-	32,071	-
Workshops	883	-	-	-	883	2,247
	138,695	7,031	-	2,570	148,296	113,600
Excess (deficiency) of revenues over expenditures for the year	\$ 3,238	\$ 49,545	\$ -	\$ 6,677	\$ 59,460	\$ (2,387)

See accompanying notes

Thames Talbot Land Trust
Statement of Cash Flows
Year ended December 31, 2012 and 2011

	2012	2011
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	\$ 59,460	\$ (2,387)
Change in non-cash working capital items		
Prepaid expenses	-	1,435
HST receivable	825	(1,475)
Accounts payable and accrued liabilities	(695)	1,163
Deferred contributions	12,829	-
	<u>72,419</u>	<u>(1,264)</u>
Investing activities		
Acquisition of land	(208,189)	(12,590)
Disposition of investments	138,268	6,658
	<u>(69,921)</u>	<u>(5,932)</u>
Increase (decrease) in cash	2,498	(7,196)
Cash, beginning of year	<u>109,217</u>	<u>116,413</u>
Cash, end of year	<u>\$ 111,715</u>	<u>\$ 109,217</u>
Cash consists of:		
Operating fund	\$ 59,740	\$ 15,814
Stewardship fund	28,658	40,081
Opportunities fund	23,317	53,322
	<u>\$ 111,715</u>	<u>\$ 109,217</u>

See accompanying notes

Thames Talbot Land Trust
Notes to the Financial Statements
December 31, 2012

1. Nature of operations

Thames Talbot Land Trust (the "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. Impact of the change in basis of accounting

These are the Trust's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The 2011 comparative financial statements include an opening balance sheet as at January 1, 2011 with the impact of the transition.

There were no material adjustments required to the measurement of amounts or presentation in the comparative statement of financial position, comparative statement of operation, comparative statement of changes in net assets and comparative statement of cash flows.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(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

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

(iii) Conservation Lands Fund

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

(iv) 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.

(b) Accrual basis of accounting

Revenue and expenditures are recorded on the accrual basis of accounting under which they are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(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.

(d) Contributed materials and services

Some of the work of the Trust is dependent on the services 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.

Thames Talbot Land Trust

Notes to the Financial Statements

3. Significant accounting policies, continued

(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

Thames Talbot Land Trust has elected to account for all of the short-term and long-term investments at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

(g) Income taxes

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

During the year, the 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) Accounting 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 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

3. Significant accounting policies, continued

(i) Financial instruments

(i) Measurement of financial instruments

Thames Talbot Land Trust initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment

4. Investments

The Stewardship's fund's investments, recorded at fair market value, consist of the following as at:

	December 31, 2012	December 31, 2011	January 1, 2011
TD Canada Trust - GICs	\$ 21,223	\$ 20,785	\$ 20,528
London Community Foundation - Endowment Fund	466,636	448,356	465,792
	<u>\$ 487,859</u>	<u>\$ 469,141</u>	<u>\$ 486,320</u>

The Opportunities fund's investments, recorded at fair market value, consist of the following as at:

	December 31, 2012	December 31, 2011	January 1, 2011
TD Canada Trust - GICs	\$ 363,974	\$ 327,719	\$ 324,648
RBC Mutual Funds	421,134	614,374	606,924
	<u>\$ 785,108</u>	<u>\$ 942,093</u>	<u>\$ 931,572</u>

Thames Talbot Land Trust

Notes to the Financial Statements

5. Accounts payable and accrued liabilities

The accounts payable include the following amounts of government remittances payable:

	December 31, 2012	December 31, 2011	January 1, 2011
Payroll deductions payable	\$ 2,214	\$ 2,028	\$ 1,819

6. Capital management

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.

7. Investment risk management

The Trust has policies and procedures to establish a target asset mix to help protect against the following risks. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant currency, market, or other risks:

Interest rate risk:

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

Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issues the securities. The Foundation manages this risk through controls to monitor and limit concentration levels.

Foreign currency risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

8. Comparative figures

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