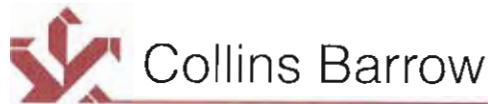


Thames Talbot Land Trust

Financial Statements

December 31, 2010



Collins Barrow

Chartered Accountants

Collins Barrow KMD LLP
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LONDON, ONTARIO
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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, 2010, 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, 2010, 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.

Collins Barrow KMD LLP

CHARTERED ACCOUNTANTS
LICENCED PUBLIC ACCOUNTANTS

London, Ontario
March 23, 2011

Thames Talbot Land Trust
Statement of Financial Position
December 31, 2010

	2010				Restated 2009	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
Assets						
Current						
Cash	\$ 42,475	\$ 23,546	\$	\$ 50,392	\$ 116,413	\$ 65,405
HST receivable	2,825				2,825	2,125
Investments (note 3)		486,320		931,572	1,417,892	1,535,688
Prepaid expenses	<u>1,400</u>		<u>1,435</u>		<u>2,835</u>	<u>1,400</u>
Total current assets	<u>46,700</u>	<u>509,866</u>	<u>1,435</u>	<u>981,964</u>	<u>1,539,965</u>	<u>1,604,618</u>
Land			<u>1,814,496</u>		<u>1,814,496</u>	<u>1,585,148</u>
	\$ 46,700	\$ 509,866	\$ 1,815,931	\$ 981,964	\$ 3,354,461	\$ 3,189,766
Liabilities and net assets						
Accrued liabilities	\$ <u>8,720</u>	\$	\$	\$	\$ <u>8,720</u>	\$ <u>6,019</u>
Net assets						
see Statement 2	<u>37,980</u>	<u>509,866</u>	<u>1,815,931</u>	<u>981,964</u>	<u>3,345,741</u>	<u>3,183,747</u>
	\$ 46,700	\$ 509,866	\$ 1,815,931	\$ 981,964	\$ 3,354,461	\$ 3,189,766

See accompanying notes

Approved by:

_____ Trustee _____ Trustee

Thames Talbot Land Trust
Statement of Changes in Net Assets
Year Ended December 31, 2010

	2010				Restated 2009	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
Balance, beginning of year	\$ 43,098	\$ 433,342	\$ 1,585,148	\$ 1,135,518	\$ 3,197,106	\$ 2,721,819
Prior period adjustment (note 7)	_____	____(13,359)	_____	_____	____(13,359)	_____
Balance, beginning of year, as restated	\$ 43,098	\$ 419,983	\$ 1,585,148	\$ 1,135,518	\$ 3,183,747	\$ 2,721,819
Excess revenue over expenditures for the year	45,965	104,622		11,407	161,994	461,928
Net internal transfers	____(51,083)	____(14,739)	____230,783	____(164,961)	_____	_____
Net assets, end of year	\$ 37,980	\$ 509,866	\$ 1,815,931	\$ 981,964	\$ 3,345,741	\$ 3,183,747

See accompanying notes

Thames Talbot Land Trust
Statement of Operations
Year ended December 31, 2010

	2010				Restated 2009	
	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Totals	Totals
Revenue						
Agricultural rental income		\$ 1,890		\$ 1,890		
Donations	\$ 35,565	69,400		\$ 10,400	115,365	\$ 127,208
Donated land						338,000
Grants	112,748				112,748	96,648
Investment income		(1,703)		7,302	5,599	7,262
Membership fees	6,450				6,450	6,100
Unrealized gain on investments		35,035			35,035	38,031
Workshops and miscellaneous	13,839				13,839	6,276
	<u>168,602</u>	<u>104,622</u>		<u>17,702</u>	<u>290,926</u>	<u>619,525</u>
Expenses						
Advertising and promotion	2,847				2,847	2,219
Audit and legal	5,496				5,496	6,316
Bank charges and interest	750				750	701
Board development and training	3,866				3,866	1,587
Donations	200				200	
Executive director's costs	69,196				69,196	69,393
Insurance - directors & officers	2,037				2,037	1,941
Meetings - board and AGM	2,431				2,431	2,453
Membership fees	1,740				1,740	2,000
Miscellaneous administration	12,059				12,059	18,463
Newsletter and web page	1,243				1,243	3,337
Office rent	6,147				6,147	6,156
Property acquisition costs				6,295	6,295	8,124
Property stewardship	14,141				14,141	34,296
Workshops	484				484	611
	<u>122,637</u>			<u>6,295</u>	<u>128,932</u>	<u>157,597</u>
Total expenditures						
Excess of revenues over expenditures for the year	\$ <u>45,965</u>	\$ <u>104,622</u>	\$ <u> </u>	\$ <u>11,407</u>	\$ <u>161,994</u>	\$ <u>461,928</u>

See accompanying notes

Thames Talbot Land Trust
Statement of Cash Flows
Year ended December 31, 2010

	2010	Restated 2009
Cash flow from operating activities		
Excess of revenue over expenditures - statement 2	\$ 161,994	\$ 461,928
Net change in non-cash working capital:		
Prepaid expenses	(1,435)	4,840
HST receivable	(700)	549
Accrued liabilities	<u>2,701</u>	<u>2,848</u>
	<u>162,560</u>	<u>470,165</u>
Cash flow from financing and investing activities		
Land acquisitions	(229,348)	(367,885)
Investment disposals (acquisitions)	<u>117,796</u>	<u>(110,777)</u>
	<u>(111,552)</u>	<u>(478,662)</u>
Change in cash during year	51,008	(8,497)
Cash, beginning of year	<u>65,405</u>	<u>73,902</u>
Cash, end of year	<u>\$ 116,413</u>	<u>\$ 65,405</u>

See accompanying notes

Thames Talbot Land Trust
Notes to the Financial Statements
December 31, 2009

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, 2009

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>2010</u>	<u>2009</u>
TD Canada Trust- GICs	\$ 20,528	\$ 40,941
London Community Foundation- Endowment Fund	<u>465,792</u>	<u>374,175</u>
	<u>\$ 486,320</u>	<u>\$ 415,116</u>

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

TD Canada Trust- GICs	\$ 324,648	\$ 518,587
RBC Mutual Funds	<u>606,924</u>	<u>601,985</u>
	<u>\$ 931,572</u>	<u>\$ 1,120,572</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.

7. Prior period adjustment

During 2009 amounts relating to the investment income of the stewardship fund were overstated. This overstatement occurred as a result of a change in accounting policy from 2008 to 2009. The financial statements have been restated to correct this error, the effect of this restatement is a decrease in the accrued interest and a decrease in interest income. The impact of the restatement is as follows:

Investment income and excess of revenues over expenditures	decrease	\$13,359
Investments and net assets	decrease	\$13,359