



Ford Keast^{LLP}

Chartered Professional Accountants

Bringing Solutions Together

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THAMES TALBOT LAND TRUST

Financial Statements

Year ended December 31, 2014



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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Thames Talbot Land Trust

We have audited the accompanying financial statements of Thames Talbot Land Trust which comprise the balance sheet as at December 31, 2014 and the statements of earnings, retained earnings and 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 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 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.

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

Basis for Qualification

In common with many charitable organizations, the Trust derives some of its revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenditures, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualification paragraph, these financial statements present fairly, in all material respects, the financial position of Thames Talbot Land Trust as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of the prior period were audited by the predecessor auditor. The audit report, dated March 19, 2014 expressed an qualified opinion in accordance with the aforementioned accounting framework.

Ford Keast^{LLP}

London, Ontario
March 18, 2015

Chartered Professional Accountants
Licensed Public Accountants

THAMES TALBOT LAND TRUST

Statement of Financial Position
As at December 31, 2014

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2014	Total 2013
ASSETS							
CURRENT							
Cash	\$ 5,544	\$ -	\$ 32,135	\$ -	\$ 91,489	\$ 129,168	\$ 174,851
Investments (Note 3)	-	575,845	241,525	-	798,472	1,615,842	1,550,914
Government remittances recoverable	1,486	-	-	-	-	1,486	3,183
Prepaid expenses	1,632	-	-	-	12,442	14,074	1,400
	8,662	575,845	273,660	-	902,403	1,760,570	1,730,348
LAND	-	-	-	2,237,354	-	2,237,354	2,035,274
	\$ 8,662	\$ 575,845	\$ 273,660	\$ 2,237,354	\$ 902,403	\$ 3,997,924	\$ 3,765,622
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities	\$ 10,634	\$ -	\$ -	\$ -	\$ -	\$ 10,634	\$ 9,458
Deferred contributions (Note 4)	31,406	-	199,325	-	-	230,731	257,174
	42,040	-	199,325	-	-	241,365	266,632
	(33,378)	575,845	74,335	2,237,354	902,403	3,756,559	3,498,990
NET ASSETS	\$ 8,662	\$ 575,845	\$ 273,660	\$ 2,237,354	\$ 902,403	\$ 3,997,924	\$ 3,765,622

APPROVED BY THE BOARD OF DIRECTORS:

Linda M. Dargatzis
Director

THAMES TALBOT LAND TRUST

Statement of Changes in Net Assets
Year ended December 31, 2014

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2014	Total 2013
NET ASSETS, Beginning of year	\$ 29,440	\$ 525,464	\$ 75,822	\$ 2,035,274	\$ 832,990	\$ 3,498,990	\$ 3,402,814
Net earnings (loss)	(38,970)	69,681	(19,494)	200,000	46,352	257,569	96,176
	(9,530)	595,145	56,328	2,235,274	879,342	3,756,559	3,498,990
Net internal fund transfers (Note 5)	(23,848)	(19,300)	18,007	2,080	23,061	-	-
NET ASSETS, End of year	\$ (33,378)	\$ 575,845	\$ 74,335	\$ 2,237,354	\$ 902,403	\$ 3,756,559	\$ 3,498,990

THAMES TALBOT LAND TRUST

Statement of Operations

Year ended December 31, 2014

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2014	Total 2013
REVENUE							
Donated land	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000	\$ -
Donations	61,968	45,000	269	-	37,210	144,447	129,182
Deferred contributions (Note 4)	43,385	-	35,534	-	-	78,919	44,339
Investment income (Note 3)	-	33,061	3,968	-	9,143	46,172	89,368
Wardsville Woods rehabilitation grants	-	-	16,600	-	-	16,600	-
Agricultural rental income	10,927	-	-	-	-	10,927	-
Canada Summer Jobs Grant	8,766	-	-	-	-	8,766	5,443
Membership fees	7,365	-	-	-	-	7,365	6,575
Grants	7,077	-	-	-	-	7,077	-
Ontario Land Trust Assistance Plan (OLTAP) grant	-	-	-	-	-	-	-
Social enterprise grant	2,500	-	-	-	6,204	6,204	446
Workshops and miscellaneous	49	-	-	-	-	2,500	-
	142,037	78,061	56,371	200,000	52,557	529,026	278,365
EXPENSES							
Salaries & wages	132,076	-	39,534	-	-	171,610	121,301
Administrative and general	29,013	-	-	-	-	29,013	18,336
Property stewardship	-	-	20,761	-	-	20,761	18,047
Wardsville Woods rehabilitation expend	-	-	15,295	-	-	15,295	-
Investment management fees	-	8,380	275	-	-	8,655	7,594
Professional fees	8,297	-	-	-	-	8,297	7,724
OLTAP grant expenditures	-	-	-	-	6,205	6,205	445
Social enterprise expenditures	2,453	-	-	-	-	2,453	-
Office rent	2,250	-	-	-	-	2,250	2,495
Insurance - directors and officers	2,186	-	-	-	-	2,186	2,004
Membership fees	2,029	-	-	-	-	2,029	2,146
Take a Hike fundraiser expenditures	1,388	-	-	-	-	1,388	745
Bank charges and interest	1,315	-	-	-	-	1,315	1,352
	181,007	8,380	75,865	-	6,205	271,457	182,189
NET EARNINGS (LOSS)	\$ (38,970)	\$ 69,681	\$ (19,494)	\$ 200,000	\$ 46,352	\$ 257,569	\$ 96,176

The accompanying notes are an integral part of these financial statements.

THAMES TALBOT LAND TRUST

Statement of Cash Flows

Year ended December 31, 2014

	2014	2013
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net earnings (loss) for the year	\$ 257,569	\$ 96,176
Add (deduct) non-cash items:		
Change in non-cash working capital items related to operations:		
Government remittances recoverable	1,697	292
Accounts payable & accrued liabilities	1,177	270
Deferred contributions	(26,443)	244,345
Prepaid expenses	(12,674)	-
	<u>221,326</u>	<u>341,083</u>
INVESTING ACTIVITIES		
Donation of land	(202,081)	-
Purchase of investments	(86,305)	(277,947)
Capital withdrawals	21,377	-
	<u>(267,009)</u>	<u>(277,947)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(45,683)	63,136
Cash, beginning of year	<u>174,851</u>	<u>111,715</u>
CASH, END OF YEAR	\$ 129,168	\$ 174,851

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2014

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. 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.

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.

Endowment Fund

The Endowment Fund holds investments transferred by the Board for the long term maintenance of Trust properties.

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.

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

THAMES TALBOT LAND TRUST

Notes to Financial Statements

December 31, 2014

Contributed Services

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

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.

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 excess of revenue over expenses.

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 income.

Transaction costs:

The Trust recognizes its transactions costs in net income 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.

Cash and cash equivalents

Cash as disclosed on the balance sheet consists of cash on hand and balances with banks.

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. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2014

3. INVESTMENTS

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

	2014	2013
TD Canada Trust - GICs	\$ 21,828	\$ 21,548
London Community Foundation - Endowment Fund	575,845	525,464
RBC Mutual Funds - High Interest Savings	-	212,177
London Community Foundation - Jane Bowles Memorial Fund	219,696	-
	<u>\$ 817,369</u>	<u>\$ 759,189</u>

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

	2014	2013
TD Canada Trust - GICs	\$ 366,550	\$ 365,272
RBC Mutual Funds - High Interest Savings	431,922	426,453
	<u>\$ 798,472</u>	<u>\$ 791,725</u>

The Endowment and Stewardship fund's investment income for the year end, consist of the following:

	2014
Interest & dividends	\$ 11,909
Realized gains (losses)	(1,421)
Unrealized gains (losses)	26,541
	<u>\$ 37,029</u>

The Opportunities fund's investment income for the year end, consist of the following:

	2014
Interest & dividends	\$ 9,143

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2014

4. DEFERRED REVENUE

Deferred revenue represents research revenue received for which the completion of the contract and expenses will occur in a subsequent period.

Changes in the deferred contributions in the Operating fund, which are internally restricted, are as follows:

	2014	2013
Beginning balance	\$ 33,191	\$ 12,829
Add: Ontario Trillium funding received during year	41,600	64,701
Less: amounts recognized as revenue during year	43,385	44,339
	<u>\$ 31,406</u>	<u>\$ 33,191</u>

Changes in the deferred contributions in the Stewardship fund, which are externally restricted for the purpose of funding the property manager position, are as follows:

	2014	2013
Beginning balance	\$ 221,104	\$ -
Add: Jane Bowles Memorial Fund contributions	13,755	221,104
Less: amounts recognized as revenue during year	35,534	-
	<u>\$ 199,325</u>	<u>\$ 221,104</u>

5. TRANSFER BETWEEN FUNDS

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

- Transferred \$65,000 from the Stewardship fund to the Operating fund to cover stewardship and land maintenance expenditures. In return the Operating fund purchased products and services on behalf of the Stewardship fund in the amount of \$75,590.
- The Operating fund covered property acquisition costs in the amount of \$7,442 on behalf of the Opportunities fund and \$2,080 on behalf of the Conservation fund.
- The Operating fund covered expenditures on behalf of the Opportunities fund in the amount of \$6,205.
- The Operating fund paid a purchase deposit on the Lusty Family Tract in the amount of \$5,000 on behalf of the Opportunities fund.
- Grant revenue of \$3,440 was deposited to the Opportunities fund which was intended as stewardship funding for the rehabilitation of the Wardsville Woods property.
- During the year the Trust sold the RBC Mutual Funds in the Stewardship fund to increase their endowment with the London Community Foundation. During this transfer \$2,770 was deposited to the Operating fund.
- During the year donations internally restricted for the Stewardship fund were deposited to the Operating fund account in the amount of \$6,366.

6. 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 organization's investments are at variable interest rates. Accordingly the organization is exposed to interest rate risk resulting in changes to future interest rates applicable to its investments.

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 organization is exposed to market risk to the full extent of its investments in 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 credit, currency and liquidity risk.

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

7. RECLASSIFICATIONS

Certain of the comparative figures for the preceding year have been reclassified to conform with the statement presentation adopted for the current year.