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THAMES TALBOT LAND TRUST

Financial Statements

Year ended December 31, 2016

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 Statement of Financial Position as at December 31, 2016 and the Statements of Operations, Changes in Net Assets 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, our verification of these revenues was limited to the amounts recorded in the records of the Trust. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenues, excess (deficiency) 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, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



March 15, 2017
London, Ontario

Chartered Professional Accountants
Licensed Public Accountants

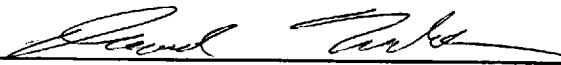
THAMES TALBOT LAND TRUST


Statement of Financial Position

As at December 31, 2016

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2016	Total 2015
ASSETS							
CURRENT							
Cash	\$ 167,439	\$ -	\$ 11,378	\$ -	\$ 627,971	\$ 806,788	\$ 874,646
Investments (Note 3)	-	616,561	143,425	-	200,510	960,496	905,919
Accounts receivable	37,914	-	8,623	-	35,984	82,521	16,749
Government remittances recoverable	23,648	-	-	-	-	23,648	11,719
Due from Opportunities Fund	-	-	100,000	-	-	100,000	-
Prepaid expenses	707	-	-	-	-	707	3,339
	229,708	616,561	263,426	-	864,465	1,974,160	1,812,372
CAPITAL ASSETS (Note 4)	7,955	-	-	-	-	7,955	11,364
LAND	-	-	-	3,341,811	-	3,341,811	2,528,654
	\$ 237,663	\$ 616,561	\$ 263,426	\$ 3,341,811	\$ 864,465	\$ 5,323,926	\$ 4,352,390
LIABILITIES							
CURRENT							
Accounts payable and accrued liabilities	\$ 47,722	\$ -	\$ 8,023	\$ -	\$ 10,171	\$ 65,916	\$ 16,239
Government remittances payable	11,504	-	-	-	-	11,504	4,531
Due to Stewardship Fund	-	-	-	-	100,000	100,000	-
Deferred contributions (Note 6)	56,175	-	224,416	-	14,799	295,390	287,206
	115,401	-	232,439	-	124,970	472,810	307,976
NET ASSETS	122,262	616,561	30,987	3,341,811	739,495	4,851,116	4,044,414
	\$ 237,663	\$ 616,561	\$ 263,426	\$ 3,341,811	\$ 864,465	\$ 5,323,926	\$ 4,352,390

APPROVED BY THE DIRECTORS:


Director


Director

THAMES TALBOT LAND TRUST**Statement of Changes in Net Assets**
Year ended December 31, 2016

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2016	Total 2015
NET ASSETS, Beginning of YEAR	\$ 47,627	\$ 572,769	\$ (20,409)	\$ 2,528,654	\$ 915,773	\$ 4,044,414	\$ 3,756,559
Excess (deficiency) of revenues over expenditures	(77,778)	44,425	20,781	-	819,274	806,702	287,855
	(30,151)	617,194	372	2,528,654	1,735,047	4,851,116	4,044,414
Net internal fund transfers (Note 5)	152,413	(633)	30,615	813,157	(995,552)	-	-
NET ASSETS, End of YEAR	\$ 122,262	\$ 616,561	\$ 30,987	\$ 3,341,811	\$ 739,495	\$ 4,851,116	\$ 4,044,414

THAMES TALBOT LAND TRUST

Statement of Operations

Year ended December 31, 2016

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2016	Total 2015
REVENUE							
Donations	\$ 38,654	\$ 7,133	\$ 75	\$ -	\$ 514,871	\$ 560,733	\$ 389,467
Grants	84,859	-	194,165	-	342,400	621,424	207,894
Investment	-	46,395	16,912	-	3,077	66,384	40,482
Membership fees	8,525	-	-	-	-	8,525	9,150
Fundraising revenue	8,509	-	-	-	-	8,509	26,140
Agricultural rental	6,956	-	-	-	-	6,956	10,396
	147,503	53,528	211,152	-	860,348	1,272,531	683,529
EXPENSES							
Salaries and wages	134,162	-	120,941	-	17,090	272,193	247,145
Property stewardship	-	-	56,986	-	-	56,986	33,931
Administrative and office	29,854	-	-	-	-	29,854	40,035
Consulting fees	25,819	-	-	-	-	25,819	-
Property acquisition	-	-	-	-	20,939	20,939	11,621
Professional fees	13,535	-	-	-	-	13,535	7,632
Investment management fees	-	9,103	3,471	-	-	12,574	12,342
Marketing and promotion	11,381	-	-	-	-	11,381	13,496
Automotive	-	-	8,973	-	-	8,973	3,025
Insurance	3,626	-	-	-	-	3,626	2,172
Hawk cliff campaign	-	-	-	-	3,045	3,045	13,681
Office rent	2,639	-	-	-	-	2,639	1,575
Membership fees	2,605	-	-	-	-	2,605	2,694
Bank charges and interest	1,660	-	-	-	-	1,660	2,329
Social enterprise	-	-	-	-	-	-	2,471
Wardsville Woods rehabilitation	-	-	-	-	-	-	1,525
	225,281	9,103	190,371	-	41,074	465,829	395,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (77,778)	\$ 44,425	\$ 20,781	\$ -	\$ 819,274	\$ 806,702	\$ 287,855

THAMES TALBOT LAND TRUST

Statement of Cash Flows
Year ended December 31, 2016

	2016	2015
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 806,702	\$ 287,855
Add (deduct) non-cash items:		
(Gains) losses on investments	-	(21,783)
Amortization	3,409	2,005
Change in non-cash working capital items related to operations:		
Government remittances recoverable	(4,956)	(5,702)
Accounts payable and accrued liabilities	49,677	5,606
Deferred contributions	8,183	56,476
Prepaid expenses	2,632	10,735
Accounts receivable	(65,772)	(16,749)
	<u>799,875</u>	<u>318,443</u>
INVESTING ACTIVITIES		
Purchase of land	(813,157)	(304,669)
Purchase of investments	(78,733)	(39,835)
Capital withdrawals on investments	21,500	137,200
Proceeds on sale of investments	2,657	202,418
	<u>(867,733)</u>	<u>(4,886)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(67,858)	313,557
Cash, BEGINNING OF YEAR	<u>874,646</u>	<u>561,089</u>
CASH, END OF YEAR	\$ 806,788	\$ 874,646

THAMES TALBOT LAND TRUST

Notes to Financial Statements

December 31, 2016

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 and is a registered charity pursuant to the Income Tax Act. 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.

Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with banks.

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The 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.

Membership fees and rental income are recognized as revenue in the period in which they are earned and collection is reasonably assured. These revenues are considered earned over the term of the membership/rental agreement.

Contributed Services

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

Capital Assets

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance method over the estimated useful lives of the assets at the following annual rates, with one-half the rate in the year of acquisition.

Vehicle	30 %
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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.

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, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (deficiency) of revenue over expenditures.

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 excess (deficiency) of revenue over expenditures.

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.

3. INVESTMENTS

The Endowment Fund, Stewardship Funds and Opportunities Funds' investments, recorded at fair market value, consist of the following:

	2016	2015
TD Canada Trust - GICs	\$ 22,054	\$ 22,054
London Community Foundation - Endowment Fund	616,561	572,769
RBC - equities	-	2,657
London Community Foundation - Jane M. Bowles Stewardship Fund	121,371	107,929
TD Canada Trust - GICs	200,510	200,510
	<u>\$ 960,496</u>	<u>\$ 905,919</u>

THAMES TALBOT LAND TRUST

Notes to Financial Statements
December 31, 2016

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2016	2015
Vehicle	\$ 13,369	\$ 5,414	\$ 7,955	\$ 11,364

5. TRANSFER BETWEEN FUNDS

During the year, the Board approved the transferred amounts between funds as follows:

- Transferred \$24,989 (2015 - \$197,835) 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 \$176,471 (2015 - \$124,634).
- During the year, donations and grants for the Stewardship Fund were deposited to the Operating Fund in the amount of \$124,765 (2015 - \$16,602).
- Transferred \$876,767 (2015 - \$143,961) from the Opportunities Fund to the Operating Fund to cover land acquisition and campaign expenditures. In return, the Operating Fund purchased products and services in the amount of \$19,738 (2015 - \$94,089) on behalf of the Opportunities Fund.
- During the year, donations and grants for the Opportunities Fund were deposited to the Operating Fund in the amount of \$140,356 (2015 - \$4,765).
- During the year, Operating Fund monies in the amount of \$813,157 were used to purchase the Hawk Cliff Woods property.
- During the year, the Endowment Fund with the London Community Foundation issued a disbursement of investment earnings of \$21,500 (2015 - \$19,600) which was deposited to the Operating Fund and donations to the Endowment fund of \$7,133 were deposited into the Operating Fund.
- Transferred \$28,000 from the Operating Fund to the Endowment Fund to fund the long-term maintenance of the Beryl Ivey Woods.
- Transferred \$100,000 from the Opportunities Fund to the Stewardship Fund for restricted Jane Bowles donations received.

THAMES TALBOT LAND TRUST

Notes to Financial Statements

December 31, 2016

6. DEFERRED REVENUE

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

Operating Fund

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

	2016	2015
Beginning balance	\$ 24,745	\$ 31,406
Add: Ontario Trillium Foundation contributions	62,825	72,500
Add: Ontario Land Trust Alliance contributions	-	5,000
Less: amounts recognized as revenue during year	(31,395)	(84,161)
	<u>\$ 56,175</u>	<u>\$ 24,745</u>

Stewardship Fund

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

	2016	2015
Beginning balance	\$ 171,154	\$ 199,325
Add: Jane M. Bowles Stewardship Fund contributions	100,000	14,248
Add: Science Horizons contributions	-	12,000
Add: Land Stewardship and Habitat Restoration contributions	-	16,805
Add: Ontario Land Trust Alliance contributions	-	11,187
Add: TD Engaging Stewardship contributions	6,400	4,200
Less: amounts recognized as revenue during year	(53,138)	(86,611)
	<u>\$ 224,416</u>	<u>\$ 171,154</u>

Opportunities Fund

In 2014, the Trust established a Limited Term Restricted Fund at the London Community Foundation for the Jane M. Bowles Stewardship Fund. This fund is used to support the salary for the property manager position at the Trust. During 2014, \$220,000 was deposited to the fund. This fund continues to receive donations annually and is a component of the Hawk Cliff and Beyond campaign.

Changes in the deferred contributions, which are externally restricted for the purpose of campaigning to acquire new conservation lands, are as follows:

	2016	2015
Beginning balance	\$ 91,307	\$ -
Add: Habitat Stewardship Program contributions	125,706	100,721
Add: Environmental Damages contributions	-	2,753
Add: TD Friends of the Environment contributions	-	5,000
Add: Ontario Trillium Foundation contributions	67,500	-
Less: amounts recognized as revenue during year	(269,714)	(17,167)
	<u>\$ 14,799</u>	<u>\$ 91,307</u>

THAMES TALBOT LAND TRUST

Notes to Financial Statements

December 31, 2016

7. 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 Trust's investments are at variable interest rates. Accordingly, the Trust 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 Trust 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.

8. RECLASSIFICATIONS

Certain comparative figures for the preceding year have been reclassified to conform with the statement presentation adopted for the current year. These changes do not affect the excess (deficiency) of revenues over expenditures of the prior year.