

**THAMES TALBOT LAND TRUST**

Financial Statements

Year ended December 31, 2017





## 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, 2017 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 and fundraising, 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 Trust. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess (deficiency) of revenue over expenditures, current assets, total 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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Ford Keast LLP*

May 16, 2018  
London, Ontario

**Chartered Professional Accountants  
Licensed Public Accountants**

# THAMES TALBOT LAND TRUST

Statement of Financial Position  
As at December 31, 2017

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2017	Total 2016
<b>ASSETS</b>							
<b>CURRENT</b>							
Cash	\$ 89,199	\$ -	\$ 1,348	\$ -	\$ 87,129	\$ 177,676	\$ 659,672
Investments (Note 3)	-	-	268,959	-	639,042	908,001	491,051
Accounts receivable	4,524	-	-	-	-	4,524	82,521
Government remittances recoverable	4,581	-	-	-	-	4,581	23,648
Due from Opportunities Fund	-	-	-	-	-	-	100,000
Prepaid expenses	-	-	-	-	-	-	707
	98,304	-	270,307	-	726,171	1,094,782	1,357,599
CAPITAL ASSETS (Note 4)	-	-	5,569	-	-	5,569	7,955
LAND	-	-	-	3,486,811	-	3,486,811	3,341,811
LONG-TERM INVESTMENTS (Note 3)	-	772,381	-	-	-	772,381	616,561
	\$ 98,304	\$ 772,381	\$ 275,876	\$ 3,486,811	\$ 726,171	\$ 5,359,543	\$ 5,323,926
<b>LIABILITIES</b>							
<b>CURRENT</b>							
Accounts payable and accrued liabilities	\$ 11,915	\$ -	\$ -	\$ -	\$ -	\$ 11,915	\$ 65,916
Government remittances payable	6,728	-	-	-	-	6,728	11,504
Due to Stewardship Fund	-	-	-	-	-	-	100,000
Deferred contributions (Note 6)	55,257	-	127,126	-	-	182,383	295,390
	73,900	-	127,126	-	-	201,026	472,810
NET ASSETS	24,404	772,381	148,750	3,486,811	726,171	5,158,517	4,851,116
	\$ 98,304	\$ 772,381	\$ 275,876	\$ 3,486,811	\$ 726,171	\$ 5,359,543	\$ 5,323,926

APPROVED BY THE DIRECTORS:

  
Director

  
Director

**THAMES TALBOT LAND TRUST**Statement of Changes in Net Assets  
Year ended December 31, 2017

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2017	Total 2016
NET ASSETS, Beginning of YEAR	\$ 122,262	\$ 616,561	\$ 30,987	\$ 3,341,811	\$ 739,495	\$ 4,851,116	\$ 4,044,414
Excess (deficiency) of revenues over expenditures	(34,146)	58,320	87,438	145,000	50,789	307,401	806,702
	88,116	674,881	118,425	3,486,811	790,284	5,158,517	4,851,116
Net interfund transfers (Note 5)	(63,712)	97,500	30,325	-	(64,113)	-	-
NET ASSETS, End of YEAR	\$ 24,404	\$ 772,381	\$ 148,750	\$ 3,486,811	\$ 726,171	\$ 5,158,517	\$ 4,851,116

**THAMES TALBOT LAND TRUST**

Statement of Operations

Year ended December 31, 2017

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2017	Total 2016
<b>REVENUE</b>							
Grants	\$ 92,659	\$ -	\$ 216,831	\$ -	\$ 24,029	\$ 333,519	\$ 621,424
Donated land	-	-	-	145,000	-	145,000	-
Donations	34,527	-	36,450	-	52,385	123,362	560,733
Investment	925	68,912	30,053	-	1,641	101,531	66,384
Fundraising	37,764	-	147	-	-	37,911	8,509
Agricultural rental	9,795	-	-	-	-	9,795	6,956
Membership fees	9,612	-	-	-	-	9,612	8,525
	185,282	68,912	283,481	145,000	78,055	760,730	1,272,531
<b>EXPENSES</b>							
Salaries and wages	123,955	-	137,537	-	14,950	276,442	272,193
Property stewardship	-	-	44,405	-	-	44,405	56,986
Administrative and office	33,286	-	-	-	-	33,286	29,854
Consulting fees	18,626	-	-	-	-	18,626	25,819
Professional fees	17,683	-	-	-	-	17,683	13,535
Investment management fees	-	10,592	4,519	-	-	15,111	12,574
Property acquisition	-	-	-	-	10,579	10,579	20,939
Marketing and promotion	12,283	-	-	-	-	12,283	11,381
Automotive	-	-	9,582	-	-	9,582	8,973
Office rent	5,977	-	-	-	-	5,977	2,639
Bank charges and interest	2,844	-	-	-	-	2,844	1,660
Membership fees	2,748	-	-	-	-	2,748	2,605
Insurance	2,026	-	-	-	-	2,026	3,626
Hawk cliff campaign	-	-	-	-	1,737	1,737	3,045
	219,428	10,592	196,043	-	27,266	453,329	465,829
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (34,146)</b>	<b>\$ 58,320</b>	<b>\$ 87,438</b>	<b>\$ 145,000</b>	<b>\$ 50,789</b>	<b>\$ 307,401</b>	<b>\$ 806,702</b>

## THAMES TALBOT LAND TRUST

Statement of Cash Flows  
Year ended December 31, 2017

	2017	2016
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 307,401	\$ 806,702
Add (deduct) non-cash items:		
Amortization	2,386	3,409
Donation of land	(145,000)	-
Change in non-cash working capital items related to operations:		
Government remittances recoverable	14,291	(4,956)
Accounts payable and accrued liabilities	(54,000)	49,675
Deferred contributions	(113,007)	8,183
Prepaid expenses	707	2,632
Accounts receivable	77,997	(65,772)
	<u>90,775</u>	<u>799,873</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of land	-	(813,157)
Purchase of investments	(595,271)	(819,498)
Capital withdrawals on investments	22,500	541,338
Proceeds on sale of investments	-	462,328
	<u>(572,771)</u>	<u>(628,989)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(481,996)	170,884
Cash, BEGINNING OF YEAR	<u>659,672</u>	<u>488,788</u>
CASH, END OF YEAR	<u>\$ 177,676</u>	<u>\$ 659,672</u>

# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2017

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## 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, 2017

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## 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, 2017

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

	2017	2016
TD Canada Trust - GICs (Stewardship Fund)	\$ 22,054	\$ 22,054
RBC - equities	138,532	147,116
London Community Foundation - Jane M. Bowles (Stewardship Fund)	246,905	121,371
TD Canada Trust - GICs (Opportunities Fund)	500,510	200,510
	<u>\$ 908,001</u>	<u>\$ 491,051</u>

The Endowment Fund investments, recorded at fair market value, consist of the following:

	2017	2016
London Community Foundation - Endowment Fund	\$ 772,381	\$ 616,561

# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2017

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## 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2017	2016
Vehicle	\$ 13,369	\$ 7,800	\$ 5,569	\$ 7,955

## 5. TRANSFER BETWEEN FUNDS

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

- Transferred a net amount of \$7,825 from the Operating Fund to the Stewardship Fund to cover stewardship and land maintenance expenditures.
- During the year, donations and grants for the Opportunities Fund were deposited to the Operating Fund in the amount of \$47,563.
- Transferred a net amount \$91,676 from the Opportunities Fund to the Operating Fund for general expenses.
- During the year, the Endowment Fund with the London Community Foundation issued a disbursement of investment earnings of \$22,500 which was deposited to the Stewardship Fund and transfers from the Hawks Cliff Opportunities Fund of \$120,000 were deposited into the Endowment Fund.
- Transferred \$100,000 from the Operating Fund to the Opportunities Fund for land acquisition.

# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2017

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## 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:

	2017	2016
Beginning balance	\$ 56,175	\$ 24,745
Add: Ontario Trillium Foundation contributions	50,400	62,825
Less: amounts recognized as revenue during year	(51,318)	(31,395)
	<u>\$ 55,257</u>	<u>\$ 56,175</u>

### Stewardship Fund

In 2014, the Board 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 funding the property manager position, are as follows:

	2017	2016
Beginning balance	\$ 224,416	\$ 171,154
Add: Jane M. Bowles Stewardship Fund contributions	-	100,000
Add: TD Engaging Stewardship contributions	6,451	6,400
Less: amounts recognized as revenue during year	(103,741)	(53,138)
	<u>\$ 127,126</u>	<u>\$ 224,416</u>

### Opportunities Fund

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

	2017	2016
Beginning balance	\$ 14,799	\$ 91,307
Add: Habitat Stewardship Program contributions	-	125,706
Add: Ontario Trillium Foundation contributions	-	67,500
Less: amounts recognized as revenue during year	(14,799)	(269,714)
	<u>\$ -</u>	<u>\$ 14,799</u>

# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2017

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## 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 a mix of fixed and variable interest rates. Accordingly, the Trust is exposed to interest rate risk resulting in changes to future interest rates applicable to its investments with variable interest rates.

### 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.