

**THAMES TALBOT LAND TRUST**

Financial Statements

Year ended December 31, 2019



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of Thames Talbot Land Trust

### Qualified Opinion

We have audited the financial statements of Thames Talbot Land Trust ("the Trust"), which comprise the Statement of Financial Position as at December 31, 2019, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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, net revenue (expense), and cash flows from operations for the years ended December 31, 2019 and 2018, current assets and net assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the Trust'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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ford Keast*

London, Ontario  
April 20, 2020

**Chartered Professional Accountants  
Licensed Public Accountants**

# THAMES TALBOT LAND TRUST

Statement of Financial Position  
As at December 31, 2019

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2019	Total 2018
<b>ASSETS</b>							
<b>CURRENT</b>							
Cash	\$ 127,986	\$ -	\$ 1,303	\$ -	\$ 256,673	\$ 385,962	\$ 572,678
Investments (Note 3)	-	-	138,697	-	240,360	379,057	235,722
Accounts receivable	-	-	2,100	26,170	-	28,270	10,125
Government remittances recoverable	4,149	-	-	-	-	4,149	6,927
	132,135	-	142,100	-	497,033	797,438	825,452
<b>CAPITAL ASSETS (Note 4)</b>							
LAND	-	-	2,729	-	-	2,729	3,898
	-	-	-	4,250,044	-	4,250,044	3,656,461
<b>LONG-TERM INVESTMENTS (Note 3)</b>							
	-	913,658	-	-	-	913,658	758,733
	\$ 132,135	\$ 913,658	\$ 144,829	\$ 4,276,214	\$ 497,033	\$ 5,963,869	\$ 5,244,544
<b>LIABILITIES</b>							
<b>CURRENT</b>							
Accounts payable and accrued liabilities	\$ 29,793	\$ -	\$ -	\$ -	\$ -	\$ 29,793	\$ 36,885
Government remittances payable	4,154	-	-	-	-	4,154	4,048
Deferred contributions (Note 6)	-	-	66,314	-	130,000	196,314	84,247
	33,947	-	66,314	-	130,000	230,261	125,180
	98,188	913,658	78,515	4,276,214	367,033	5,733,608	5,119,364
	\$ 132,135	\$ 913,658	\$ 144,829	\$ 4,276,214	\$ 497,033	\$ 5,963,869	\$ 5,244,544

APPROVED BY THE DIRECTORS:



Director



Director

**THAMES TALBOT LAND TRUST**Statement of Changes in Net Assets  
Year ended December 31, 2019

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2019	Total 2018
NET ASSETS, BEGINNING OF YEAR	\$ 2,705	\$ 758,733	\$ 67,055	\$ 3,666,586	\$ 624,285	\$ 5,119,364	\$ 5,158,517
Net revenue (expense)	(5,480)	68,045	17,770	279,351	254,558	614,244	(39,153)
	(2,775)	826,778	84,825	3,945,937	878,843	5,733,608	5,119,364
Net interfund transfers (Note 5)	100,963	86,880	(6,310)	330,277	(511,810)	-	-
NET ASSETS, END OF YEAR	\$ 98,188	\$ 913,658	\$ 78,515	\$ 4,276,214	\$ 367,033	\$ 5,733,608	\$ 5,119,364

# THAMES TALBOT LAND TRUST

Statement of Operations  
Year ended December 31, 2019

	Operating Fund	Endowment Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2019	Total 2018
<b>REVENUE</b>							
Donations	\$ 49,013	\$ -	\$ 19,309	\$ -	\$ 316,511	\$ 384,833	\$ 123,267
Grants	20,910	-	160,211	174,351	7,796	363,268	301,117
Investment	29	80,251	39,357	-	4,209	123,846	(18,114)
Donated land	-	-	-	105,000	-	105,000	-
Fundraising	41,833	-	1,249	-	-	43,082	18,788
Agricultural rental	9,048	-	-	-	-	9,048	9,048
Membership fees	7,003	-	-	-	-	7,003	9,269
	127,836	80,251	220,126	279,351	328,516	1,036,080	443,375
<b>EXPENSES</b>							
Salaries and wages	65,240	-	130,845	-	47,726	243,811	276,991
Property stewardship	-	-	59,379	-	-	59,379	78,501
Property acquisition	-	-	-	-	22,597	22,597	15,453
Administrative and office	18,235	-	-	-	28	18,263	27,468
Investment management fees	-	12,206	5,900	-	-	18,106	17,292
Professional fees	15,488	-	-	-	-	15,488	22,607
Office rent	11,810	-	-	-	-	11,810	10,283
Marketing and promotion	9,831	-	-	-	-	9,831	6,386
Automotive	-	-	6,232	-	-	6,232	7,173
Consulting fees	5,000	-	-	-	-	5,000	7,193
2020 campaign	-	-	-	-	3,559	3,559	3,207
Insurance	3,134	-	-	-	-	3,134	3,956
Membership fees	2,620	-	-	-	-	2,620	2,658
Bank charges and interest	1,958	-	-	-	48	2,006	3,360
	133,316	12,206	202,356	-	73,958	421,836	482,528
Net revenue (expense)	\$ (5,480)	\$ 68,045	\$ 17,770	\$ 279,351	\$ 254,558	\$ 614,244	\$ (39,153)

## THAMES TALBOT LAND TRUST

Statement of Cash Flows  
Year ended December 31, 2019

	2019	2018
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue (expense)	\$ 614,244	\$ (39,153)
Add (deduct) non-cash items:		
Amortization	1,169	1,671
Donation of land	(105,000)	-
Change in non-cash working capital items:		
Government remittances recoverable	2,884	(5,025)
Accounts payable and accrued liabilities	(7,094)	24,970
Deferred contributions	112,068	(98,137)
Accounts receivable	(18,145)	(5,601)
	<u>600,126</u>	<u>(121,275)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of land	(488,583)	(169,650)
Purchase of investments	(400,614)	-
Capital withdrawals on investments	102,355	685,927
	<u>(786,842)</u>	<u>516,277</u>
INCREASE (DECREASE) IN CASH	(186,716)	395,002
Cash, BEGINNING OF YEAR	<u>572,678</u>	<u>177,676</u>
CASH, END OF YEAR	\$ 385,962	\$ 572,678

# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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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.

### 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.

### Cash and Cash Equivalents

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

### 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.



# THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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 of Directors for the long term maintenance of Trust properties.

### **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.

### **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. Specific estimates include the useful lives of capital assets and fund allocation of revenue and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue (expense) in the period in which they become known.

## THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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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 net revenue (expense).

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 revenue (expense).

Transaction costs:

The Trust recognizes its transactions costs in net revenue (expense) 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:

	2019	2018
TD Canada Trust - GICs (Stewardship Fund)	\$ 22,642	\$ 22,054
RBC - mutual funds (Opportunities Fund)	240,360	86,136
London Community Foundation - Jane M. Bowles (Stewardship Fund)	116,055	127,532
	<u>\$ 379,057</u>	<u>\$ 235,722</u>

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

	2019	2018
London Community Foundation	<u>\$ 913,658</u>	<u>\$ 758,733</u>

## THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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### 4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2019	2018
Vehicle	\$ 13,369	\$ 10,640	\$ 2,729	\$ 3,898

### 5. TRANSFER BETWEEN FUNDS

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

- A transfer of \$206,044 from the Stewardship Fund to the Operating Fund to cover general expenses and a transfer of \$199,734 from the Operating Fund to the Stewardship Fund for donations and grants deposited to the Operating Fund.
- A transfer of \$113,767 from the Opportunities Fund to the Operating Fund for donations and grants deposited to the Operating Fund.
- A transfer of \$469,990 from the Opportunities Fund and \$18,593 from the Operating Fund for a total of \$488,583 to the Conservation Fund to fund purchase costs of Bebensee Tract 2 and Sitler Woods (Sack).
- A transfer of \$71,946 from the Operating Fund to the Opportunities Fund for general expenses.
- A transfer of \$158,306 from the Conservation Lands Fund to the Operating Fund to record the Mud Lake property donation and for grant revenue deposited to the Operating Fund.
- A transfer of investment earnings of \$25,200 from the Endowment Fund with the London Community Foundation to the Operating Fund and a transfer of \$112,080 from the Operating Fund to the Endowment Fund as a capital contribution to the fund.

## THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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### 6. DEFERRED CONTRIBUTIONS

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

#### 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 2020 campaign. In 2018, two new grant projects were started with Ontario Trillium Foundation for school programs and CMHA. The unspent amounts at year-end are included below.

Changes in the deferred contributions are as follows:

	2019	2018
Beginning balance	\$ 84,247	\$ 127,126
Add: Jane M. Bowles Stewardship Fund contributions	20,849	-
Add: Ontario Trillium Foundation contributions	69,400	75,000
Add: TD Engaging Stewardship contributions	13,296	2,096
Less: amounts recognized as revenue during year	(121,478)	(119,975)
	<u>\$ 66,314</u>	<u>\$ 84,247</u>

The total amount externally restricted for the property manager position is \$24,973 (2018 - \$63,479) and the amount externally restricted for the school programs and CMHA is \$41,341 (2018 - \$20,768).

#### Opportunities Fund

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

	2019	2018
Beginning balance	\$ -	\$ -
Add: Bruce Flowers contributions	150,000	-
Less: amounts recognized as revenue during year	(20,000)	-
	<u>\$ 130,000</u>	<u>\$ -</u>

### 7. COMMITMENT

The Trust has signed a lease agreement with Reforest London to rent two offices at the Bruce Pavilion (Westminster Ponds Centre). The lease starts January 1, 2020 and expires December 31, 2022 at a cost of \$12,936 plus HST annually.

## THAMES TALBOT LAND TRUST

Notes to Financial Statements  
December 31, 2019

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### 8. 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.