LONDON ENVIRONMENTAL INSTITUTE

(Operating as London Environmental Network)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

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YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of London Environmental Institute (operating as London Environmental Network)

Qualified Opinion

We have audited the financial statements of London Environmental Institute (operating as London Environmental Network), (the "organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of revenues and expenditures and 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 (the "financial statements").

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 organization as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives 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 organization and we were not able to determine whether any adjustments might be necessary to donation or events revenues, excess of revenues over expenditures and cash flows from operations for the years ended December 31, 2025 and 2024, current assets and net assets for the years then ended. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation of 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 organization in accordance with 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 audit 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the organization'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 audit 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 organization'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 organization'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 organization 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 achieves 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.

Valente CPA's LLP

London, Ontario
May 13, 2026

Valente CPAs LLP
Chartered Professional Accountants
Licensed Public Accountants

LONDON ENVIRONMENTAL INSTITUTE
(Operating as London Environmental Network)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	**$ 201,541**	$ 444,851
Term deposits *(Note 4)*	**135,454**	131,044
Accounts receivable *(Note 5)*	**80**	58,596
Harmonized sales tax recoverable	**6,615**	34,479
Prepaid expenses	**3,788**	6,404
	$ 347,478	$ 675,374
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities *(Note 6)*	**$ 23,949**	$ 74,065
Deferred revenue *(Note 7)*	**122,937**	413,114
	146,886	487,179
NET ASSETS	**200,592**	188,195
	$ 347,478	$ 675,374

COMMITMENTS *(Note 8)*

APPROVED BY THE DIRECTOR

________________________________ *Director*

LONDON ENVIRONMENTAL INSTITUTE

(Operating as London Environmental Network)

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2025

	2025	2024
REVENUES		
Grants	**$ 416,669**	$ 791,160
Corporate donations	**116,135**	127,010
Membership dues	**38,879**	23,927
Events	**19,055**	15,338
General donations	**15,268**	4,548
Services	**12,565**	10,286
Other	**-**	598
	618,571	972,867
EXPENDITURES		
Salaries and wages	**439,884**	547,729
Member support	**32,867**	86,999
Project supplies	**26,378**	24,527
Rent and cleaning	**18,883**	16,544
Subcontracts	**17,956**	84,574
Event	**16,448**	29,197
Accounting and bookkeeping fees	**13,760**	23,205
Memberships	**9,772**	9,236
Print materials	**8,808**	25,227
Hardware and software	**8,417**	11,016
Office	**5,701**	(646)
Insurance	**5,635**	7,129
Training	**3,012**	7,989
Bank charges	**2,569**	2,604
Travel	**1,929**	3,644
Advertising and promotion	**1,027**	6,585
Telephone	**880**	5,858
Consulting fees	**825**	86,684
Legal fees	**-**	1,817
	614,751	979,918
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FROM OPERATIONS	**3,820**	(7,051)
OTHER REVENUE		
Interest	**8,577**	9,522
EXCESS OF REVENUES OVER EXPENDITURES	**12,397**	2,471
NET ASSETS - BEGINNING OF YEAR	188,195	185,724
NET ASSETS - END OF YEAR	**200,592**	**188,195**

LONDON ENVIRONMENTAL INSTITUTE
(Operating as London Environmental Network)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$ 12,397**	$ 2,471
Changes in non-cash working capital:		
Accounts receivable	**58,516**	14,173
Accounts payable and accrued liabilities	**(50,116)**	19,728
Deferred revenue	**(290,177)**	170,366
Prepaid expenses	**2,616**	(1,207)
Harmonized sales tax payable	**27,864**	(29,722)
	(251,297)	173,338
Cash flow from (used by) operating activities	**(238,900)**	175,809
INVESTING ACTIVITY		
Purchase of term deposits	**(4,410)**	(5,365)
INCREASE (DECREASE) IN CASH FLOW	**(243,310)**	170,444
Cash - beginning of year	**444,851**	274,407
CASH - END OF YEAR	**$ 201,541**	$ 444,851

1. PURPOSE OF THE ORGANIZATION

London Environmental Institute (the "organization") is a not-for-profit organization incorporated on March 6, 2018, under the Canada Not-for-Profit Corporations Act. As a registered charity, the organization is exempt from the payment of income taxes under Section 149(1)(f) of the Income Tax Act.

The organization operates to protect the environment by developing and providing programs designed to protect, steward and preserve the environment.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting policy

The organization has changed their revenue recognition policy for contributions under section 4410 of Canadian accounting standards for not-for-profit organizations from the restricted fund method of accounting for contributions to the deferral method of accounting for contributions. This change was made to better align financial reporting with the operations of the organization. No adjustments were necessary to the prior years' financial statements as at January 1, 2024 or December 31, 2024 as a result of this change in accounting policy.

Cash

Cash includes cash balances held at financial institutions.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenues over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Term deposits

Term deposits consist of guaranteed investment certificates, which are initially and subsequently measured at market value.

Revenue recognition

The organization 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.

Unrestricted investment income is recognized as revenue when earned.

Service revenue is recognized when the services are performed. Membership revenues are recognized over the course of the membership term.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in excess of revenue over expenditures in the period in which they become known. Significant items subject to such estimates and assumptions include recoverability of accounts receivable and harmonized sales tax payable (recoverable). Actual results could differ from these estimates.

4. TERM DEPOSITS

	2025	2024
One year GIC, 3.50% interest, maturing April 28, 2025	**$ -**	$ 70,909
One year GIC, 3.85% interest, maturing December 8, 2025	**-**	60,135
One year redeemable GIC, 2.75% interest, maturing April 28, 2026	**73,023**	-
One year non-redeemable GIC, 3.30% interest, maturing December 8, 2026	**62,431**	-
	$ 135,454	$ 131,044

The organization's internal policy for operational reserve funds requires investments to be held in a savings account or a highly liquid, near term investment.

5. ACCOUNTS RECEIVABLE

	2025	2024
Trade receivables	**$ 80**	$ 32,272
Wage and expense funding for 2025	**-**	26,324
	$ 80	$ 58,596

6. CREDIT FACILITY

The organization has a credit card facility with a limit of $20,000. As at December 31, 2025 the unused portion was $19,136 ($19,667 in 2024). The card bears interest at an annual rate of 19.99% for purchases and fees and 22.99% for cash advances.

7. DEFERRED REVENUE

	2025	2024
Greener Homes London	**$ 50,000**	$ -
Nonprofit Resiliency Project	**34,468**	261,251
Projects & Member Services - Member Projects	**27,509**	134,041
Membership Revenues - Green Economy London	**4,563**	13,537
Antler River Rally	**3,000**	-
Thriving Communities	**2,197**	-
Membership Revenues - London Environmental Network	**1,200**	1,850
City of London Residential Rain Garden Program	**-**	2,435
	$ 122,937	$ 413,114

Revenue for items such as Projects & Member Services - Member Projects, the City of London Residential Rain Garden Program, Nonprofit Resiliency Project, and Greener Homes London are recognized as the monies are spent on the various projects and deferred if the projects and programs are not completed by December 31, 2025.

Membership dues received in the current year, which relate to membership obligations of a future period, are accounted for as deferred revenue.

8. COMMITMENTS

The organization has entered into an agreement to lease operating space from Reforest London, for $12,214 per annum. The commitment term is for a period of two years, from January 1, 2026 to December 31, 2027

Lease payment schedule:

2026	$ 12,214
2027	12,214
	$ 24,428

9. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk to the extent of accounts receivable. Management is confident in the collectibility of accounts receivable and accordingly, considers such risk to be minimal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources and accounts payable and accrued liabilities.

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9. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The organization is exposed to interest rate risk with respect to its term deposits. To manage this risk, the organization has an investment policy setting out a target mix of investments, designed to provide optimal return within reasonable risk tolerances.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other risks arising from these financial instruments.

There have been no significant changes in the nature, concentration or extent of risk exposures from the prior year.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. These changes do not impact prior years' excess of revenue over expenditures.