

Thames Talbot Land Trust
Financial Statements
Year ended December 31, 2022



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, 2022, 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, 2022 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, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets, net assets and total assets as at December 31, 2022 and 2021. 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.



London, Ontario
April 26, 2023

**Chartered Professional Accountants
Licensed Public Accountants**

Thames Talbot Land Trust

Statement of Financial Position
As at December 31, 2022

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2022	Total 2021
Assets						
Current						
Cash	\$ 101,738	\$ -	\$ -	\$ 245,111	\$ 346,849	\$ 220,376
Investments (Note 3)	-	227,329	-	429,421	656,750	661,094
Accounts receivable	3,752	928	-	94,040	98,720	39,817
Government remittances recoverable	11,621	-	-	-	11,621	6,186
Prepaid expenses	7,249	-	-	11,237	18,486	-
	124,360	228,257	-	779,809	1,132,426	927,473
Capital Assets (Note 4)	646,800	-	-	-	646,800	-
Land	-	-	8,281,988	-	8,281,988	6,039,988
	\$ 771,160	\$ 228,257	\$ 8,281,988	\$ 779,809	\$10,061,214	\$ 6,967,461
Liabilities						
Current						
Accounts payable and accrued liabilities	\$ 36,088	\$ -	\$ -	\$ -	\$ 36,088	\$ 30,551
Government remittances payable	4,250	-	-	-	4,250	4,513
Deferred contributions (Note 6)	24,555	118,716	-	146,976	290,247	265,209
	64,893	118,716	-	146,976	330,585	300,273
Net assets	706,267	109,541	8,281,988	632,833	9,730,629	6,667,188
	\$ 771,160	\$ 228,257	\$ 8,281,988	\$ 779,809	\$10,061,214	\$ 6,967,461

Approved by the Board of Directors:



Director



Director

Thames Talbot Land Trust

Statement of Changes in Net Assets
Year ended December 31, 2022

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2022	Total 2021
Net assets, beginning of year	\$ 25,719	\$ 143,983	\$ 6,039,988	\$ 457,498	\$ 6,667,188	\$ 5,659,709
Net revenue (expense)	21,612	(36,835)	2,777,000	301,664	3,063,441	1,007,479
	47,331	107,148	8,816,988	759,162	9,730,629	6,667,188
Net interfund transfers (Note 5)	658,936	2,393	(535,000)	(126,329)	-	-
Net assets, end of year	\$ 706,267	\$ 109,541	\$ 8,281,988	\$ 632,833	\$ 9,730,629	\$ 6,667,188

Thames Talbot Land Trust

Statement of Operations Year ended December 31, 2022

	Operating Fund	Stewardship Fund	Conservation Lands Fund	Opportunities Fund	Total 2022	Total 2021
Revenue						
Donated land	\$ -	\$ -	\$ 2,777,000	\$ -	\$ 2,777,000	\$ 910,000
Grants	26,091	103,276	-	350,381	479,748	164,725
Donations	117,445	2,560	-	224,111	344,116	194,890
London Community Foundation distribution	1,400	37,400	-	-	38,800	31,000
Rental	29,754	-	-	-	29,754	8,004
Fundraising	26,025	-	-	-	26,025	23,800
Sales and events	4,456	1,057	-	5,229	10,742	7,974
Canada Emergency Wage Subsidy (Note 9)	585	-	-	-	585	63,017
Investment	443	(13,696)	-	6,239	(7,014)	19,623
	206,199	130,597	2,777,000	585,960	3,699,756	1,423,033
Expenses						
Salaries and wages	106,664	123,295	-	29,141	259,100	231,768
Property acquisition	-	-	-	132,802	132,802	69,659
London Community Foundation contribution	-	-	-	108,000	108,000	3,510
Administrative and office	19,837	9,712	-	3,884	33,433	31,399
Marketing, promotion and events	15,789	2,220	-	10,176	28,185	16,141
Property stewardship	6,876	15,778	-	-	22,654	21,589
Automotive	-	13,897	-	-	13,897	969
Amortization	13,200	-	-	-	13,200	-
Professional fees	11,257	-	-	-	11,257	20,269
Insurance	5,980	-	-	-	5,980	3,447
Bank charges and interest	2,358	-	-	293	2,651	2,781
Membership fees	2,626	-	-	-	2,626	2,782
Investment management fees	-	2,530	-	-	2,530	2,409
Vision 2020 campaign	-	-	-	-	-	8,831
	184,587	167,432	-	284,296	636,315	415,554
Net revenue (expense)	\$ 21,612	\$ (36,835)	\$ 2,777,000	\$ 301,664	\$ 3,063,441	\$ 1,007,479

Thames Talbot Land Trust

Statement of Cash Flows

Year ended December 31, 2022

	2022	2021
Cash provided by (used in):		
Operating Activities		
Net revenue	\$ 3,063,441	\$ 1,007,479
Add (deduct) non-cash items:		
Amortization	13,200	-
Donation of land	(2,777,000)	(910,000)
Change in non-cash working capital items:		
Accounts receivable	(58,903)	(13,755)
Government remittances recoverable	(5,434)	15,738
Accounts payable and accrued liabilities	5,537	10,648
Government remittances payable	(263)	706
Deferred contributions	25,038	26,182
Prepaid expenses	(18,486)	-
	<u>247,130</u>	<u>136,998</u>
Investing Activities		
Purchase of land	(125,000)	-
Purchase of investments	(267,841)	(149,950)
Capital withdrawals on investments	<u>272,184</u>	<u>75,997</u>
	<u>(120,657)</u>	<u>(73,953)</u>
Increase in cash	126,473	63,045
Cash, beginning of year	<u>220,376</u>	<u>157,331</u>
Cash, end of year	\$ 346,849	\$ 220,376

Thames Talbot Land Trust

Notes to Financial Statements
December 31, 2022

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, rental income and government assistance are recognized as revenue in the period in which they are earned as long as collection is reasonably assured. These revenues are considered earned over the term of the membership/rental agreement, and at the end of the subsidy period for government assistance.

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.

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.

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.

Building	4 %
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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.

Thames Talbot Land Trust

Notes to Financial Statements
December 31, 2022

2. 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. The Trust engages in outreach and education initiatives for the community to raise awareness of environmental topics and promote sustainability.

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 easements.

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, amortization rates and methods, non-monetary transactions, grant revenue recognition and fund allocation of revenue and expenses. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in net revenue in the period in which they become known.

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.

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.

Transaction costs:

The Trust recognizes its transactions costs in net revenue in the period incurred. However, financial instruments 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.

Thames Talbot Land Trust

Notes to Financial Statements
December 31, 2022

3. Investments

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

	2022	2021
TD Canada Trust - GICs (Stewardship Fund)	\$ 23,216	\$ 23,118
RBC - money market funds (Opportunities Fund)	429,421	437,765
London Community Foundation - Jane M. Bowles (Stewardship Fund)	204,113	200,211
	<u>\$ 656,750</u>	<u>\$ 661,094</u>

4. Capital Assets

	Cost	Accumulated Amortization	Net
			2022 2021
Building - Boview	\$ 660,000	\$ 13,200	\$ 646,800 -

5. Transfer Between Funds

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

- A net transfer of \$2,393 to the Stewardship Fund from the Operating Fund to cover general expenses paid by and donations and grants deposited to the Operating Fund.
- A net transfer of \$126,329 to the Operating Fund from the Opportunities Fund to cover general expenses and London Community Foundation contributions paid by and donations and grants deposited to the Operating Fund.
- A net transfer of \$535,000 to the Operating Fund from the Conservation Fund to cover land purchase costs and associated legal fees, net of donated buildings allocated to the Operating Fund.

6. Deferred Contributions

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

Operating Fund

Deferred contributions include Passport 2 Nature sponsorship and several grants received in 2022 or continuing from a previous year.

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. Additional grants restricted for stewardship and outreach programs received in 2022 or continuing from a previous year are included.

Thames Talbot Land Trust

Notes to Financial Statements
December 31, 2022

6. Deferred Contributions (continued)

Opportunities Fund

In 2019, the Trust received a legacy gift from Bruce Flowers for the protection of lands in Oxford County. \$150,000 was received and deposited to the fund. Since that time the fund has supported the acquisition of two nature reserves in Oxford County. The unspent amounts at year-end are included below. Additional grants received for land acquisition received in 2022 or continuing from a previous year are included.

	Opening 2021	Received	Disbursement	Ending 2022
Operating Fund				
ECHO Foundation	\$ 12,500	\$ 25,000	\$ 25,000	\$ 12,500
Gosling Foundation	-	10,000	1,684	8,316
Passport 2 Nature	6,000	2,250	6,000	2,250
Other	-	4,562	3,073	1,489
	<u>18,500</u>	<u>41,812</u>	<u>35,757</u>	<u>24,555</u>
Stewardship Fund				
Jane M. Bowles	79,175	59,161	43,010	95,326
Nature Education for Youth	-	12,500	1,843	10,657
Ontario Trillium Foundation				
- Resilient Communities	-	13,400	8,822	4,578
Other	11,904	3,515	7,264	8,155
	<u>91,079</u>	<u>88,576</u>	<u>60,939</u>	<u>118,716</u>
Opportunities Fund				
Nature Conservancy Canada				
- NHCP Ridgeview Wetlands	-	64,971	-	64,971
Bruce Flowers	114,000	-	50,051	63,949
Nature Conservancy Canada				
- NHCP Deer Haven	11,630	20,575	17,630	14,575
Echo Foundation	30,000	150,000	176,519	3,481
	<u>155,630</u>	<u>235,546</u>	<u>244,200</u>	<u>146,976</u>
	<u>\$ 265,209</u>	<u>\$ 365,934</u>	<u>\$ 340,896</u>	<u>\$ 290,247</u>

7. Commitments

The Trust has signed a lease agreement with Reforest London to rent two offices at the Bruce Pavilion (Westminster Ponds Centre). The lease expires December 31, 2025 at a cost of \$13,583 plus HST annually, increasing 2% each year.

The Trust has signed a lease agreement with Finch Chevrolet Cadillac Buick GMC Ltd, for the use of a truck for a two year period ending December 31, 2023 at an annual cost of \$7,330 + HST. There is a \$37,000 purchase option at the end of the lease term.

Thames Talbot Land Trust

Notes to Financial Statements
December 31, 2022

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 extent of its investments in Stewardship Fund 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 nature, extent and concentration of the Trust's exposure to the above risks did not change during the fiscal year.

9. Government Assistance

During the year, the Trust applied and was approved for a federal subsidy of \$585 (2021 - \$63,017) as part of the Canada Emergency Wage Subsidy (CEWS) program. The purpose of these programs is to enable businesses affected by COVID-19 to re-hire and retain employees.

10. Restatement of Corresponding Amounts

Certain of the corresponding amounts have been restated to conform to the current year statement presentation. These changes have no impact on prior years' net revenue (expense).