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**LOCAL ENHANCEMENT AND  
APPRECIATION OF FORESTS**

**FINANCIAL STATEMENTS**

**NOVEMBER 30, 2009**

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**AUDITORS' REPORT**

To the Members,  
Local Enhancement and Appreciation of Forests

We have audited the statement of financial position of Local Enhancement and Appreciation of Forests as at November 30, 2009 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at November 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Cowperthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

January 6, 2010  
Toronto, Ontario

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## STATEMENT OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2009

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 24,626	\$ 30,962
Short-term investments	153,900	150,000
Grants receivable (note 5)	79,825	17,393
Prepaid insurance	<u>2,330</u>	<u>2,330</u>
	<u>\$ 260,681</u>	<u>\$ 200,685</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,289	\$ 16,732
Deferred revenue (note 6)	<u>108,500</u>	<u>68,166</u>
	<u>122,789</u>	<u>84,898</u>
Net assets		
Unrestricted	<u>137,892</u>	<u>115,787</u>
	<u>\$ 260,681</u>	<u>\$ 200,685</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED NOVEMBER 30, 2009

	2009	2008
<b>REVENUE</b>		
Grants (note 7)	\$ 375,274	\$ 328,423
Project revenue	113,951	138,349
Donations and fundraising	18,879	10,073
Interest	<u>3,900</u>	<u>          </u>
	<u>512,004</u>	<u>476,845</u>
<b>EXPENSES</b>		
Direct project costs		
Human resources	335,385	256,103
Other (note 8)	94,796	105,967
Rent	15,831	10,685
Professional fees	11,277	5,730
Administration	10,020	6,376
IT systems development	9,487	19,210
Communications	5,322	5,406
Board and staff development	4,125	5,903
Insurance	2,853	2,842
Other	<u>803</u>	<u>          </u>
	<u>489,899</u>	<u>418,222</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	22,105	58,623
Net assets, beginning of year	<u>115,787</u>	<u>57,164</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 137,892</u>	<u>\$ 115,787</u>

see accompanying notes

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED NOVEMBER 30, 2009

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 22,105	\$ 58,623
Net change in non-cash working capital items (see below)	<u>(24,541)</u>	<u>48,701</u>
	(2,436)	107,324
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	<u>(3,900)</u>	<u>(150,000)</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>		
	(6,336)	(42,676)
Cash, beginning of year	<u>30,962</u>	<u>73,638</u>
<b>CASH, END OF YEAR</b>	<u>\$ 24,626</u>	<u>\$ 30,962</u>
Net change in non-cash working capital items:		
Increase in grants receivable	\$ (62,432)	\$ (17,393)
Decrease in prepaid expenses		46
Increase (decrease) in accounts payable and accrued liabilities	(2,443)	9,882
Increase in deferred revenue	<u>40,334</u>	<u>56,166</u>
	<u>\$ (24,541)</u>	<u>\$ 48,701</u>

see accompanying notes

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2009

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### 1. THE ORGANIZATION

Local Enhancement and Appreciation of Forests is a not-for-profit organization incorporated in the Province of Ontario without share capital.

The organization's purpose is to raise awareness about the value of urban forests and to foster a sense of community ownership of our urban forests, both on public and private lands and to implement projects and offer tools and resources that support diverse individuals and communities in urban forest stewardship efforts.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles on a basis consistent with prior years and include the following significant policies:

#### **Investments**

The organization classifies its equities, money market funds and fixed income securities as held-for-trading. Held-for-trading securities, which are purchased for sale in the near term, are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income when they arise. Transaction costs related to financial instruments classified as held-for-trading are expensed as incurred.

#### **Revenue recognition**

The organization follows the deferral method of revenue recognition. The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization earns project revenue primarily from services delivered under the backyard tree planting program and from workshops and other training related services provided to customers. Revenue from these services is recognized at the time the services are completed for customers and/or delivered to training participants, if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii) Externally restricted funds, such as grants and restricted donations, related to current expenditures are recognized as revenue in the current year. Restricted funds received in the year for expenses to be incurred in the following year are recorded as deferred revenue. Restricted funds related to the purchase of property and equipment are recorded as revenue in the same period the related capital assets are charged to operations.
- iii) Unrestricted fundraising and donation revenue is recorded when funds are received. Donated materials and services which are normally purchased by the organization are not recorded in the accounts. Volunteers contribute their time to assist the organization in delivering its services. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.
- iv) Investment income is recognized when earned.

#### **Property and equipment**

Property and equipment is expensed to operations in the year of purchase.

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2009

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Specifically, significant assumptions have been made in arriving at the estimate of deferred revenue at the year end. Estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

### 3. FINANCIAL INSTRUMENTS

The organization classifies the financial assets and financial liabilities into one of the following categories:

*Held-for-trading* - This category comprises fixed income guaranteed investment certificates with a major Canadian chartered bank. The cost of the guaranteed investment certificates, plus accrued interest income, approximates the fair value of these instruments.

*Other financial assets and liabilities* - Other financial assets and liabilities are carried at cost, which approximates their fair value due to their short-term nature.

It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### 4. MANAGEMENT OF CAPITAL

In managing capital, the organization focuses on liquid resources available for operations. The organization's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at November 30, 2009, the organization had met its objective of having sufficient liquid resources to meet its current obligations.

### 5. GRANTS RECEIVABLE

Grants receivable is composed of the following:

	2009	2008
Ontario Power Generation	\$ 50,000	\$ 7,953
Ontario Power Authority	29,825	
Community Program for Storm Water Management		8,940
Other		500
	<hr/>	<hr/>
Grants receivable, end of year	<u>\$ 79,825</u>	<u>\$ 17,393</u>

# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## NOTES TO THE FINANCIAL STATEMENTS

NOVEMBER 30, 2009

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### 6. DEFERRED REVENUE

Deferred revenue is composed of the following:

	2009	2008
Grants		
York Region and Town of Markham	\$ 40,000	\$
The Ontario Trillium Foundation	29,500	48,677
Centre for Social Innovation	9,500	
Toronto Atmospheric Fund	5,000	4,273
Toronto Transit Commission	5,000	
Toronto Parks and Trees Foundation		6,591
Other - Tree planting deposits	<u>19,500</u>	<u>8,625</u>
Deferred revenue, end of year	<u>\$ 108,500</u>	<u>\$ 68,166</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 68,166	\$ 12,000
Add cash received from grants in year	335,783	367,196
Add grants receivable at year end (note 5)	79,825	17,393
Less grants recognized in period (note 7)	<u>(375,274)</u>	<u>(328,423)</u>
Deferred revenue, end of year	<u>\$ 108,500</u>	<u>\$ 68,166</u>

### 7. GRANTS

Grants recognized in the year were as follows:

	2009	2008
Ontario Power Authority	\$ 88,245	\$
Ontario Power Generation	83,647	76,353
The Ontario Trillium Foundation	78,277	68,523
York Region and Town of Markham	30,000	26,000
Community Go Green Fund	29,750	
Toronto Atmospheric Fund	24,473	20,027
Toronto Hydro Corporation	15,100	15,000
Toronto Parks and Trees Foundation	12,505	99,857
Community Program for Storm Water Management	4,835	15,068
Human Resources Skills Development Canada	4,442	4,095
Other	<u>4,000</u>	<u>3,500</u>
	<u>\$ 375,274</u>	<u>\$ 328,423</u>

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# LOCAL ENHANCEMENT AND APPRECIATION OF FORESTS

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. DONATED MATERIALS AND SERVICES

The organization received the following donated materials and services in the year ended November 30, 2009. These donations have not been recorded as either revenue or expenses in the statement of operations for that year:

	2009	2008
City of Toronto - Tree storage facility and equipment usage	<u>\$ 6,000</u>	<u>\$ 6,000</u>

### 9. LEASE COMMITMENTS

The organization leases space under a lease expiring October 1, 2013. Minimum lease payments over the term of the lease are as follows:

2010	\$ 9,556
2011	9,996
2012	10,446
2013	<u>9,969</u>
	<u>\$ 39,967</u>

### 10. INCOME TAX STATUS

The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

### 11. CHANGES IN ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants (the CICA) has released revisions to the CICA Handbook that relate to not-for-profit organizations. The impact of implementing these standards is limited to the addition of note 4, Management of Capital. They do not affect the organization's financial position in Fiscal 2009 or 2010.