

**CANADIAN TREES FOR LIFE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**



**Smith  
Chappell  
Marsh  
Vilander LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Trees For Life

### *Qualified Opinion*

We have audited the financial statements of Canadian Trees For Life (the Organization), 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 years 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 Organization as at December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Organization derives revenue from donations 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years.

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 the ethical requirements that are relevant to our audits 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 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

April 20, 2023  
Oshawa, Ontario



Chartered Professional Accountants  
Licensed Public Accountants

**CANADIAN TREES FOR LIFE**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2022**

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b><u>ASSETS</u></b>                     |                     |                     |
| <b>Current</b>                           |                     |                     |
| Cash                                     | \$ -                | \$ 577,375          |
| Accounts receivable                      | 1,244,491           | 493,218             |
| Harmonized sales tax recoverable         | 234,203             | 236,001             |
|  | <u>\$ 1,478,694</u> | <u>\$ 1,306,594</u> |
| <b><u>LIABILITIES</u></b>                |                     |                     |
| <b>Current</b>                           |                     |                     |
| Bank indebtedness                        | \$ 299,009          | \$ -                |
| Accounts payable and accrued liabilities | 626,424             | 875,643             |
|  | <u>925,433</u>      | <u>875,643</u>      |
| <b><u>NET ASSETS</u></b>                 |                     |                     |
| <b>Unrestricted</b>                      | <u>553,261</u>      | <u>430,951</u>      |
|  | <u>\$ 1,478,694</u> | <u>\$ 1,306,594</u> |

Approved by the Board of Directors:

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**CANADIAN TREES FOR LIFE**

**STATEMENT OF OPERATIONS**

**FOR THE PERIOD ENDED DECEMBER 31, 2022**

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <b>Revenue</b>  |                   |                   |
| Donations and sponsorships  | \$ 1,872,890      | \$ 1,447,137      |
| Government grants   | 1,442,485         | 1,889,069         |
| Golf tournament   | 49,082            | -                 |
| Merchandise and other   | 21,842            | -                 |
|   | <u>3,386,299</u>  | <u>3,336,206</u>  |
| <b>Expenses</b>   |                   |                   |
| Consultant and professional fees                                    | 257,045           | 65,198            |
| Office expenses   | 18,721            | 3,090             |
| Marketing and promotion   | 313,257           | 286,733           |
| Planting and construction   | 2,655,886         | 2,550,234         |
| Golf tournament   | 19,080            | -                 |
|   | <u>3,263,989</u>  | <u>2,905,255</u>  |
| <b>EXCESS OF REVENUE OVER EXPENSES/<br/>(EXPENSES OVER REVENUE)</b> | <u>\$ 122,310</u> | <u>\$ 430,951</u> |

**CANADIAN TREES FOR LIFE**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                 | <u>2022</u> | <u>2021</u> |
|---------------------------------|-------------|-------------|
| Opening balance                 | \$ 430,951  | \$ -        |
| Excess of revenue over expenses | 122,310     | 430,951     |
|                                 | <hr/>       | <hr/>       |
| Closing balance                 | \$ 553,261  | \$ 430,951  |
|                                 | <hr/> <hr/> | <hr/> <hr/> |

**CANADIAN TREES FOR LIFE**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | <u>2022</u>         | <u>2021</u>       |
|---|---------------------|-------------------|
| <b>Operating Activities</b>   |                     |                   |
| Excess of revenue over expenses   | \$ 122,310          | \$ 430,951        |
| Charges to income not involving cash:   |                     |                   |
| Net change in non-cash working capital balances<br>related to operations (Note 4) | (998,694)           | 146,424           |
|   | <hr/>               | <hr/>             |
| <b>Change in Cash and Cash Equivalents During the Year</b>                        | <b>(876,384)</b>    | <b>577,375</b>    |
| <b>Cash and Cash Equivalents at Beginning of Year</b>                             | <b>577,375</b>      | <b>-</b>          |
|   | <hr/>               | <hr/>             |
| <b>Cash and Cash Equivalents at End of Year</b>                                   | <b>\$ (299,009)</b> | <b>\$ 577,375</b> |
|   | <hr/> <hr/>         | <hr/> <hr/>       |
| <b>Cash and Cash Equivalents Consist of:</b>                                      |                     |                   |
| Cash  | \$ -                | \$ 577,375        |
| Bank indebtedness   | (299,009)           | -                 |
|   | <hr/>               | <hr/>             |
|   | <b>\$ (299,009)</b> | <b>\$ 577,375</b> |
|   | <hr/> <hr/>         | <hr/> <hr/>       |



**CANADIAN TREES FOR LIFE**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**1. Status and Nature of Activities**

**Canadian Trees For Life is a registered charity under the Income Tax Act of Canada. The Foundation is incorporated without share capital under the Canada Not-for-profit Corporations Act.**

**The purpose of the organization is to mobilize, empower and inspire tree-planting initiatives across Canada. Our mission is to create a healthier, happier Canada by planting trees where we live, work and play.**

**2. Significant Accounting Policies**

**The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:**

**(a) Revenue Recognition**

**The organization follows the deferral method of accounting for contributions. Deferred contributions are recognized as revenue in the year in which the related expenses are incurred.**

**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.**

**Sponsorship is recognized when the event it is received for is held. General sponsorships are recognized when received.**

**Grants and contracts are recognized according to the terms of the grants and contracts.**

**Golf tournament is recognized on the date the tournament is held.**

**Merchandise is recognized when transfer of the merchandise occurs.**

**CANADIAN TREES FOR LIFE**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**2. Significant Accounting Policies (continued)**

**(a) Revenue Recognition**

Contributed materials and services are recorded at fair market value when fair value can be reasonably estimated and when materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.

The organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

**(b) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

**CANADIAN TREES FOR LIFE**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**2. Significant Accounting Policies (continued)**

**(c) Financial Instruments**

*Measurement of financial instruments*

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for 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 income.

Financial assets measured at amortized cost include cash, accounts receivable and harmonized sales tax recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization has no financial assets that are measured at fair value.

*Impairment*

Financial assets measured at cost are reviewed annually to determine whether there are indications of possible impairment. When there is an indication of impairment the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

*Transaction costs*

The organization recognizes its transaction costs in net income 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.

**CANADIAN TREES FOR LIFE**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**3. Financial Instruments and Risk Management**

**Risks and concentrations**

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentration's risk exposure and concentrations at December 31, 2022.

*Liquidity risk*

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

**4. Cash Provided from (used for) Working Capital**

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

|  | <u>2022</u>                 | <u>2021</u>                 |
|--|-----------------------------|-----------------------------|
| Accounts receivable                      | \$ (751,273)                | \$ (493,218)                |
| Harmonized sales tax recoverable         | 1,798                       | (236,001)                   |
| Accounts payable and accrued liabilities | (249,219)                   | 875,643                     |
|  | <u>                    </u> | <u>                    </u> |
|  | <u>\$ (998,694)</u>         | <u>\$ 146,424</u>           |