

Financial Statements of

FORESTS ONTARIO

And Independent Auditor's Report thereon

Year ended September 30, 2023



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Forests Ontario

Opinion

We have audited the financial statements of Forests Ontario (the Entity), which comprise:

- the statement of financial position as at September 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at September 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, flowing style. Below the signature is a single, long, horizontal, slightly wavy line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

January 23, 2024

FORESTS ONTARIO

Statement of Financial Position

September 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 3,656,536	\$ 3,074,466
Short-term investments (note 2)	33,000	62,690
Program and other receivables	1,771,807	816,656
Inventory (note 3)	429,492	425,125
Prepaid expenses	8,246	7,623
	5,899,081	4,386,560
Investments (note 2)	203,650	174,294
Capital assets and intangible assets (note 4)	53,629	53,695
	\$ 6,156,360	\$ 4,614,549

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,167,114	\$ 1,465,136
Deferred revenue (notes 5 and 6)	1,880,368	1,433,082
	4,047,482	2,898,218
Long-term accounts payable (note 5)	—	39,507
Net assets:		
Invested in capital assets	53,629	53,695
Internally restricted (note 7)	704,999	349,475
Unrestricted	1,350,250	1,273,654
	2,108,878	1,676,824
Commitments (note 8)		
Economic dependence (note 9)		
	\$ 6,156,360	\$ 4,614,549

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

FORESTS ONTARIO

Statement of Operations

Year ended September 30, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Grants:		
Federal	\$ 7,114,290	\$ 4,042,474
Provincial	2,922,151	1,172,767
Not-for-profit organizations	618,577	844,164
Donations and sponsorships	636,559	1,209,091
Other (note 3)	410,555	132,605
Investment income	6,816	6,735
	11,708,948	7,407,836
Expenses:		
Programs	8,284,696	4,947,465
Human resources	1,807,594	1,184,378
Communications	566,132	357,598
General and administrative	246,809	251,406
Professional fees	197,302	121,909
Fundraising	88,424	140,952
Amortization	40,201	77,733
Cost of donated seeds sold	29,509	40,401
Trustee	9,348	9,284
Unrealized loss on investments	6,879	22,257
	11,276,894	7,153,383
Excess of revenue over expenses	\$ 432,054	\$ 254,453

See accompanying notes to financial statements.

FORESTS ONTARIO

Statement of Changes in Net Assets

Year ended September 30, 2023, with comparative information for 2022

				2023	2022
	Invested in capital assets	Internally restricted (note 7)	Unrestricted	Total	Total
Net assets, beginning of year	\$ 53,695	\$ 349,475	\$ 1,273,654	\$ 1,676,824	\$ 1,422,371
Excess (deficiency) of revenue over expenses	(40,201)	—	472,255	432,054	254,453
Additions to capital assets	40,135	—	(40,135)	—	—
Interfund transfer (note 7)	—	355,524	(355,524)	—	—
Net assets, end of year	\$ 53,629	\$ 704,999	\$ 1,350,250	\$ 2,108,878	\$ 1,676,824

See accompanying notes to financial statements.

FORESTS ONTARIO

Statement of Cash Flows

Year ended September 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 432,054	\$ 254,453
Items not involving cash:		
Amortization	40,201	77,733
Unrealized loss on investments	6,879	22,257
Change in non-cash operating working capital:		
Program and other receivables	(955,151)	(58,972)
Inventory	(4,367)	40,401
Prepaid expenses	(623)	1,982
Accounts payable and accrued liabilities	701,978	492,277
Deferred revenue	447,286	(5,143,062)
	668,257	(4,312,931)
Financing activities:		
Long-term accounts payable	(39,507)	(44,910)
Investing activities:		
Increase in investments, net	(6,545)	(5,462)
Additions to capital assets	(40,135)	(14,353)
	(46,680)	(19,815)
Increase (decrease) in cash	582,070	(4,377,656)
Cash, beginning of year	3,074,466	7,452,122
Cash, end of year	\$ 3,656,536	\$ 3,074,466

See accompanying notes to financial statements.