

TREES ONTARIO FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2006

KAREN WILLIAMSON C.A.

289 CORNER RIDGE ROAD
AURORA, ONTARIO L4G 6L7
TEL: (905) 713-6575
FAX: (905) 713-6580

AUDITOR'S REPORT

To the Board of Directors of
Trees Ontario Foundation

I have audited the balance sheet of the Trees Ontario Foundation as at March 31, 2006 and the statement of operations and surplus for the period then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2006 and the results of its operations for the period then ended in accordance with generally accepted accounting principles.

Aurora, Ontario
July 24, 2006.


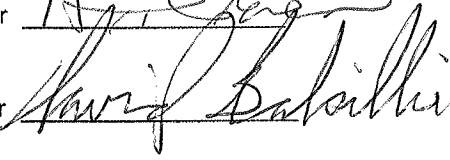
Karen Williamson
Chartered Accountant

TREES ONTARIO FOUNDATION

STATEMENT OF FINANCIAL POSITION

March 31	2006	2005
	\$	\$
ASSETS		
Current		
Cash	347,870	307,897
Amounts receivable	42,691	24,986
Total current assets	390,561	332,883
Long term		
Investments (market value \$1,899,322)	1,899,322	41,385
Total long term assets	1,899,322	41,385
Capital assets	4,229	5,656
	2,294,112	379,924
LIABILITIES AND EQUITY		
Current		
Accounts payable	334,271	217,376
Natural Spaces deferred revenue (note 4)	1,853,086	54,646
Total current liabilities	2,187,357	272,022
Net assets		
Unrestricted net assets	102,526	102,246
Net assets invested in capital assets	4,229	5,656
	106,755	107,902
	2,294,112	379,924

See accompanying notes

On behalf of the Board: Director 
 Director 

TREES ONTARIO FOUNDATION

STATEMENT OF REVENUES AND EXPENDITURES

March 31	2006 \$	2005 \$
REVENUE		
Forest 2020 project	1,792,779	594,214
Natural Spaces (note 4)	153,280	-
Donations	148	30,100
Interest	46,048	5,586
Gain on sale of investments	-	2,461
Total revenue	1,992,255	632,361
EXPENSES		
Forest 2020 project	1,792,779	590,839
Natural Spaces (note 4)	153,280	-
General and administrative	45,916	5,472
Total expenses	1,991,975	596,311
Income before transfer and amortization	280	36,050
Amortization	(1,427)	(1,380)
Transfer to the Ontario Forestry Association	-	(5,360)
Excess of revenues over expenses	(1,147)	29,310

See accompanying notes

TREES ONTARIO FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2006	Invested in capital assets \$	Unrestricted net assets	Total 2006 \$
Balance, beginning of year	5,656	102,246	107,902
Excess (deficiency)of revenues over expenses for the year	(1,427)	280	(1,147)
Balance, end of year	4,229	102,526	106,755

See accompanying notes

TREES ONTARIO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

1. PURPOSE OF ORGANIZATION AND INCORPORATION

Trees Ontario Foundation ("TOF") has been established to receive and maintain a fund or funds and to apply funds to support the implementation of tree establishment projects by organizations with similar objectives in the Province of Ontario. TOF was incorporated on March 22, 1994 under the Ontario Corporations Act as a non-profit organization without share capital. TOF is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes and may issue receipts to donors for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trees Ontario Foundation have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

Revenue recognition -

Membership and education revenues are recognized as revenue in the year in which the related expenses are incurred.

The Foundation 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 in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Investments –

Investments are recorded at the lower of cost and market value.

Capital assets -

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance basis over the useful life of the assets at the following rates:

Telephone	-	20% per year
Computer	-	30% per year

TREES ONTARIO FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

3. CAPITAL ASSETS

2006	Cost	Accumulated Amortization	Net Book Value
Computers	3,762	1,691	2,071
Telephone system	3,241	1,083	2,158
	<u>7,003</u>	<u>2,774</u>	<u>4,229</u>

3. CAPITAL ASSETS

2005	Cost	Accumulated Amortization	Net Book Value
Computers	3,762	804	2,958
Telephone system	3,241	543	2,698
	<u>7,003</u>	<u>1,347</u>	<u>5,656</u>

4. NATURAL SPACES

The Foundation has received \$2 million for the Natural Spaces Project and is following the deferral method of accounting for this contribution. As such, revenues have been recorded to the extent of the operational expenses related to the project incurred in this fiscal year. The balance of the funds is deferred to be spent in delivery of the Natural Spaces Project.

5. COMPARATIVE FIGURES

Certain of the comparative figures for the prior year have been reclassified to conform to the presentation adopted in the current year.