
Financial Statements

**FRIENDS OF RURAL COMMUNITIES
AND THE ENVIRONMENT (FORCE)**

December 31, 2008

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

DECEMBER 31, 2008

CONTENTS

	Page
Auditors' Report	
Financial Statements	
Statement of Financial Position	2
Statement of Net Assets	3
Statement of Operations	4
Notes to the Financial Statements	5-6

AUDITORS' REPORT TO MEMBERS

We have audited the statement of financial position of Friends of Rural Communities and the Environment (FORCE) as at December 31, 2008, and the statement of changes in net assets, and the statement of operations for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many non-profit organizations, Friends of Rural Communities and the Environment (FORCE) derives part of its revenue from the general public in the form of contributions and fund raising, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, fund raising and other revenue, excess of revenue over expense for the year, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of items referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of Friends of Rural Communities and the Environment (FORCE) as at December 31, 2008 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Chartered Accountants

Mississauga, Canada
March 16, 2009

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Statement of Financial Position

December 31, 2008

	2008	2007
Assets		
Cash short term deposits	\$ 37,868	\$ 19,656
Internally restricted short term deposits	125,000	125,000
Cash held in trust	140,150	115,000
Other current assets	1,225	150
	<u>\$ 304,243</u>	<u>\$ 259,806</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 392	\$ 446
Externally restricted deferred contributions (Note 4)	140,150	115,000
	<u>140,542</u>	<u>115,446</u>
Net Assets		
Restricted net assets, hearing fund (Note 5)	125,000	125,000
Unrestricted net assets	38,701	19,360
	<u>163,701</u>	<u>144,360</u>
	<u>\$ 304,243</u>	<u>\$ 259,806</u>

See accompanying notes to the financial statements

On behalf of the Board

Director _____

Director _____

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Statement of Changes in Net Assets

Year Ended December 31, 2008

	Internally Restricted	Unrestricted	2008	2007
Net Assets				
Balance, Beginning of Year	\$ 125,000	\$ 19,360	\$ 144,360	\$ 113,386
Excess of Revenue over Expenses	-	19,341	19,341	30,974
Balance, End of Year	\$ 125,000	\$ 38,701	\$ 163,701	\$ 144,360

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Statement of Operations

Year Ended December 31, 2008

	2008	2007
Revenue		
Environmental Defence Canada case support (Note 6)	\$ 56,387	\$ 68,664
Individual contributions	7,500	7,746
Gala	16,307	18,296
Golf Day	10,036	-
Business contributions	3,600	4,000
Interest	9,260	6,169
Tour de FORCE	1,110	1,500
	<u>104,200</u>	<u>106,375</u>
Allocation to externally restricted deferred contributions	(25,150)	(65,000)
	<u>79,050</u>	<u>41,375</u>
Expenses		
Technical Experts		
Hydrogeology	7,450	1,908
Legal	27,083	1,518
Research materials	-	5
	<u>34,533</u>	<u>3,431</u>
Community Activities		
Community meeting expenses	284	321
Newsletter delivery	4,731	1,391
Flyer printing	2,658	64
Newspaper Advertising	13,991	933
Signage	27	88
	<u>21,691</u>	<u>2,797</u>
Expenses Related to Incorporation		
Insurance	2,316	2,320
Operating Costs		
Bank service charges	47	75
Meeting expenses	187	328
Memberships	361	318
Office supplies	139	551
Parking	13	4
Telephone	422	402
Website	-	175
	<u>1,169</u>	<u>1,853</u>
	<u>59,709</u>	<u>10,401</u>
Excess of Revenue over Expenses	\$ 19,341	\$ 30,974

See accompanying notes to the financial statements

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Notes to the Financial Statements

December 31, 2008

1. Purpose of Organization

Friends of Rural Communities and the Environment (FORCE) is a volunteer, non-profit organization dedicated to preserve and protect the environment, including quality of life for the residents and ratepayers, flora and fauna, air quality and water quality and quantity in their local communities.

Friends of Rural Communities and the Environment (FORCE) is a registered non-profit organization under the Income Tax Act.

2. Summary of Significant Accounting Policies

(a) Revenue Recognition

Friends of Rural Communities and the Environment (FORCE) follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted and internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Expenditures

Expenditures are recorded on an accrual basis.

(c) Capital Assets

Capital assets are expensed as incurred. No amounts were charged to operations during the current year.

(d) Volunteers

The work of Friends of Rural Communities and the Environment (FORCE) is dependent on the voluntary services of many members. Since these services are not normally purchased by the Organization, and because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

(e) Income Taxes

As a not-for-profit organization, the association is not liable for income taxes.

(f) Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect revenue and expenses during the reporting periods, in addition to the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

3. Statement of Cash Flows

A statement of cash flows has not been presented, as it would not provide any additional meaningful information.

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Notes to the Financial Statements

December 31, 2008

4. Externally Restricted Deferred Contributions

Externally restricted deferred contributions represent resources held in trust and intended for expert fees related to expected future judicial hearings.

5. Internally Restricted for Hearing Fund

Due to the reduced amount of excess revenue over expenses for 2008 and the anticipated need for unrestricted funds in early 2009, the directors have decided not to allocate any additional funds to the internally restricted funds held to cover future hearing costs.

6. Environmental Defence Canada Case Support

FORCE has an ongoing strategic relationship with Environmental Defence Canada (EDC). The relationships allows FORCE supporters to contribute to EDC on behalf of FORCE. EDC in turn agrees to pay for various legal and technical experts expenses incurred by FORCE. EDC collects a 10% administration fee as part of this arrangement.

	<u>2008</u>	<u>2007</u>
Contributions to EDC on behalf of FORCE	\$ 63,230	\$ 74,578
EDC administration fee	6,340	7,458
Funds (deficiency) held by EDC	<u>503</u>	<u>(1,544)</u>
EDC case support	<u>\$ 56,387</u>	<u>\$ 68,664</u>

7. Financial Instruments

Fair Value

The association's financial instruments recognized in the balance sheet consist of cash and short term deposits, accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amounts due to their short-term maturities. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.