

THE ALBERTA ECOTRUST FOUNDATION

Financial Statements

December 31, 2015

THE ALBERTA ECOTRUST FOUNDATION
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Alberta Ecotrust Foundation:

We have audited the accompanying financial statements of The Alberta Ecotrust Foundation, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Alberta Ecotrust Foundation as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
May 13, 2016



Chartered Professional Accountants

The Alberta Ecotrust Foundation
Statement of Financial Position
As at December 31, 2015

	General Fund	Sustainability Fund	Trans Mountain Legacy Fund	EcoCity Edmonton Grant Fund	2015	2014
Assets						
Current						
Cash and cash equivalents	\$ 230,545	\$ -	\$ -	\$ -	\$ 230,545	\$ 138,118
Restricted cash	-	2,061	105,184	55,938	163,183	88,484
Marketable securities (Note 3)	407,558	-	-	-	407,558	527,536
Restricted short-term investments	-	-	-	-	-	350,000
Accounts receivable	30,000	-	-	-	30,000	1,056
Goods and services tax recoverable	8,141	-	-	-	8,141	2,864
Prepaid expenses	8,027	-	-	-	8,027	2,028
Interfund receivables (payables)	436	(436)	-	-	-	-
	684,707	1,625	105,184	55,938	847,454	1,110,086
Property and equipment (Note 4)	-	-	-	-	-	2,184
	\$ 684,707	\$ 1,625	\$ 105,184	\$ 55,938	\$ 847,454	\$ 1,112,270
Liabilities						
Current						
Accounts payable and accrued liabilities	\$ 57,400	\$ -	\$ -	\$ -	\$ 57,400	\$ 32,394
Grant commitments (Note 5)	203,372	-	-	-	203,372	256,674
	260,772	-	-	-	260,772	289,068
Deferred contributions related to operations (Note 6)	268,313	-	-	-	268,313	247,838
Funds held in trust (Note 7)	-	-	105,184	55,938	161,122	428,191
	529,085	-	105,184	55,938	690,207	965,097
Fund balances						
Invested in property and equipment	-	-	-	-	-	2,184
Externally restricted funds (Note 8)	-	1,625	-	-	1,625	1,720
Internally restricted funds (Note 9)	3,712	-	-	-	3,712	235,203
Unrestricted funds	151,910	-	-	-	151,910	(91,934)
	155,622	1,625	-	-	157,247	147,173
	\$ 684,707	\$ 1,625	\$ 105,184	\$ 55,938	\$ 847,454	\$ 1,112,270

Approved on behalf of the Board:

Director: _____

Director: _____

The Alberta Ecotrust Foundation
Statement of Operations
Year End December 31, 2015

	General Fund	Sustainability Fund	2015	2014
Revenue				
Foundations and grants <i>(Note 10)</i>	\$ 300,884	\$ -	\$ 300,884	\$ 417,462
Donations	392,752	-	392,752	312,332
Sponsorships	40,000	-	40,000	-
Fees for service	30,000	-	30,000	29,375
Investment income	17,480	-	17,480	12,471
Other income	1,067	-	1,067	2,763
Event revenue	-	-	-	3,595
Interfund revenue (expenses) <i>(Note 9)</i>	95	(95)	-	-
	782,278	(95)	782,183	777,998
Expenses				
Grants				
Major projects	165,483	-	165,483	198,573
Program delivery	84,818	-	84,818	154,497
	250,301	-	250,301	353,070
Capacity building	140,549	-	140,549	126,404
Facilitating collaboration and action				
Community collaboration	151,695	-	151,695	218,475
Partners as stewards	106,070	-	106,070	58,425
Voluntary sector leadership	2,698	-	2,698	480
Strategic environmental communications	235	-	235	-
	260,698	-	260,698	277,380
Financial Management				
Office	51,636	-	51,636	46,896
Professional fees	26,269	-	26,269	15,500
Insurance	3,243	-	3,243	3,133
Amortization of property and equipment	2,184	-	2,184	3,380
	83,332	-	83,332	68,909
	734,880	-	734,880	825,763
Excess (deficiency) of revenue over expenses before other items	47,398	(95)	47,303	(47,765)
Unrealized investment (loss) gain	(37,229)	-	(37,229)	14,580
Excess (deficiency) of revenue over expenses	\$ 10,169	\$ (95)	\$ 10,074	\$ (33,185)

**The Alberta Ecotrust Foundation
Statement of Changes in Fund Balances
Year End December 31, 2015**

	General Fund			Externally restricted funds	Total	
	Invested in property and equipment	Internally restricted	Unrestricted	Sustainability Fund	2015	2014
Fund balances, beginning of year	\$ 2,184	\$ 235,203	\$ (91,934)	\$ 1,720	\$ 147,173	\$ 180,358
Excess (deficiency) of revenue over expenses	(2,184)	3,712	8,641	(95)	10,074	(33,185)
Interfund transfers (Note 9)	-	(235,203)	235,203	-	-	-
Fund balances, end of year	\$ -	\$ 3,712	\$ 151,910	\$ 1,625	\$ 157,247	\$ 147,173

**The Alberta Ecotrust Foundation
Statement of Cash Flows
Year End December 31, 2015**

	General Fund	Sustainability Fund	Trans Mountain Legacy Fund	EcoCity Edmonton Grant Fund	2015	2014
Operating activities						
Excess (deficiency) of revenue over expenses	\$ 10,169	\$ (95)	\$ -	\$ -	\$ 10,074	\$ (33,185)
Items not affecting cash:						
Amortization of property and equipment	2,184	-	-	-	2,184	3,380
Interfund cash transfer	-	-	-	-	-	159
	12,353	(95)	-	-	12,258	(56,693)
Changes in non-cash working capital:						
Accounts receivable	(28,944)	-	-	-	(28,944)	(57)
Goods and services tax recoverable	(5,277)	-	-	-	(5,277)	2,270
Prepaid expenses	(5,999)	-	-	-	(5,999)	(2)
Accounts payable and accrued liabilities	33,238	-	(8,232)	-	25,006	(49,774)
Grant commitments	(53,302)	-	-	-	(53,302)	11,603
Deferred contributions related to operations	20,475	-	-	-	20,475	3,307
Funds held in trust (Note 7)	-	-	(323,007)	55,938	(267,069)	(1,373,952)
Interfund receivables (payables)	(95)	95	-	-	-	-
	(39,904)	95	(331,239)	55,938	(315,110)	(1,406,605)
Cash flow used by operating activities	(27,551)	-	(331,239)	55,938	(302,852)	(1,463,298)
Investing activities						
Net proceeds from sale (acquisition) of marketable securities	119,978	-	350,000	-	469,978	1,365,441
Cash flow from (used by) investing activities	119,978	-	350,000	-	469,978	1,365,441
Increase (decrease) in cash and cash equivalents	92,427	-	18,761	55,938	167,126	(97,857)
Cash and cash equivalents, beginning of year	138,118	2,061	86,423	-	226,602	324,459
Cash and cash equivalents, end of year	\$ 230,545	\$ 2,061	\$ 105,184	\$ 55,938	\$ 393,728	\$ 226,602
Cash and cash equivalents, end of year consisted of:						
Cash	\$ 230,545	\$ -	\$ -	\$ -	\$ 230,545	\$ 138,118
Restricted cash	-	2,061	105,184	55,938	163,183	88,484
	\$ 230,545	\$ 2,061	\$ 105,184	\$ 55,938	\$ 393,728	\$ 226,602

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

1. Purpose of the organization

The Alberta Ecotrust Foundation (the "Foundation") is an organization dedicated to providing funding and collaborative support to non-profit groups that are working on environmental projects throughout the Province of Alberta. The Foundation was incorporated under the Societies Act of the Alberta and is a registered charity under the Income Tax Act Section 149(1)(f) and therefore, exempt from the payment of income tax.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Revenue recognition

The Alberta Ecotrust Foundation follows the restricted fund method of accounting for contributions.

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.

Funds relating to operations are deferred and recognized as revenue in the year in which the related expenses are incurred.

Fund accounting

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Trans Mountain Legacy Fund has been established by Kinder Morgan Canada to implement the Ecological Integrity Projects. It also accounts for assets, liabilities, revenues and expenses related to these activities.

The Sustainability Fund is a long-term restricted fund that accounts for the assets and revenues related to donations that have been specified as 10 year gifts, in support of the Foundation's need for financial sustainability and organizational capacity.

The EcoCity Edmonton Grant Fund was a trust established by the City of Edmonton for the purposes of advancing projects which would improve the environmental benefit of certain properties within the City of Edmonton. It also accounts for assets, liabilities, revenues and expenses related to these activities.

Cash and cash equivalents

Cash includes cash on hand and in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and subject to an insignificant risks of change in value.

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THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

2. Summary of significant accounting policies *(continued)*

Committed project funding

Funding for projects approved by the Board of Director's of the Foundation are accrued as a liability and as an expenditure against revenues when the projects are approved. The liability is reduced as the projects are funded and may extend beyond one year.

Goods and services tax

Goods and services tax is recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Property and equipment

Purchased property and equipment are recorded in the appropriate fund at cost. Assets are amortized over their useful lives using the straight line method as follows:

Office equipment	3 years
Computer equipment	3 years
Computer software	3 years
Leasehold improvements	Term of lease

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and cash equivalents, short term investments, and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities. The financial assets measured at fair value include marketable securities and investments in equity instruments.

Donated services and materials

Donation of services and material that would have been purchased are recorded at fair market value when an estimate can be reasonably determined.

Volunteers contribute significant hours to assist the Foundation with carrying out its programs. These contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

Management 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 amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2015

3. Marketable securities

The Foundation holds marketable securities with the following values:

	<u>2015</u>	<u>2014</u>
General and Sustainability Funds		
Canadian Equity	\$ 407,558	\$ 292,332
Canadian Fixed Income at 1.6% (2014)	-	235,204
	<u>\$ 407,558</u>	<u>\$ 527,536</u>

4. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2015 Net book value</u>	<u>2014 Net book value</u>
Computer equipment	\$ 37,742	\$ 37,742	\$ -	\$ 2,184

5. Grant commitments

	<u>2015</u>	<u>2014</u>
Balance - beginning of year	\$ 256,674	\$ 245,071
Grant commitments approved	171,538	200,000
Grant commitments paid	<u>(224,840)</u>	<u>(188,397)</u>
Balance - end of year	<u>\$ 203,372</u>	<u>\$ 256,674</u>

6. Deferred contributions related to operations

	<u>2015</u>	<u>2014</u>
Balance - beginning of year	\$ 247,838	\$ 244,531
Contributions received for future years	195,000	222,875
Contributions recognized as revenue	<u>(174,525)</u>	<u>(219,568)</u>
Balance - end of year	<u>\$ 268,313</u>	<u>\$ 247,838</u>

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

7. Funds held in trust

i) The Trans Mountain Legacy Fund has been established by Kinder Morgan Canada to implement the Ecological Integrity Projects, expected to be completed by December 31, 2014. As at December 31, 2015, the projects are still ongoing. These projects will be directed and managed by an external steering committee in accordance with their terms of reference. The Foundation will act as administrator and trustee of these funds.

ii) The EcoCity Edmonton Grant Fund has been established by the City of Edmonton for the purposes of advancing projects which would improve the environmental benefit of certain properties within the City of Edmonton. The contribution and trust agreement is in effect between July 22, 2015 and July 31, 2018. These projects will be directed and managed by an external grant selection committee in accordance with their terms of reference. The Foundation will act as administrator and trustee of these funds.

The following funds were expended in the current year.

	<u>2015</u>	<u>2014</u>
<u>Trans Mountain Legacy Fund</u>		
Balance - beginning of year	\$ 428,191	\$ 1,802,143
Contributions received	-	-
Interest income earned	4,687	25,011
Administration costs and bank charges paid	(5,000)	(27,410)
Amounts expended by steering committee	<u>(322,694)</u>	<u>(1,371,553)</u>
Balance - end of the year	105,184	428,191
<u>EcoCity Edmonton Grant Fund</u>		
Balance - beginning of year	-	-
Contributions received	150,000	-
Interest income earned	-	-
Administration costs and bank charges paid	(30,006)	-
Amounts expended by grant selection committee	<u>(64,056)</u>	<u>-</u>
Balance - end of the year	55,938	-
	<u>\$ 161,122</u>	<u>\$ 428,191</u>

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2015

8. Sustainability fund

Externally restricted donations received during the years of 2000 to 2007 subject to the direction of the donors that the amounts be held not less than ten years:

	<u>2015</u>	<u>2014</u>
Year of Expiry		
December 31, 2015	\$ -	\$ 95
December 31, 2016	1,000	1,000
December 31, 2017	425	425
December 31, 2018	200	200
	<hr/>	<hr/>
Balance - end of year	\$ 1,625	\$ 1,720

In 2015, donations of \$95 expired.

9. Internally restricted funds

Internally restricted funds are set aside to support future environmental projects and programs. The expenditure of the funds will be approved by the board.

10. Foundations and grants

	<u>2015</u>	<u>2014</u>
Edmonton Community Foundation	\$ 110,000	\$ 75,000
Suncor Energy Foundation	70,000	50,000
Cenovus Employee Foundation	50,000	132,080
Government of Alberta	37,500	5,177
The Calgary Foundation	25,784	89,136
Others	7,600	485
Imperial Oil Foundation	-	58,000
United Way of Calgary	-	3,369
Trico Charitable Foundation	-	3,129
RBC Foundation	-	1,086
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	\$ 300,884	\$ 417,462

11. Lease commitments

The lease for the office premises will expire August 2016. In September 2015, the Kahanoff Centre increased the monthly rent by \$305.

The estimated annual rent payments excluding operating costs is as follow:

2016	\$ 21,096
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THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

12. Related party transactions

One of the staff is related to the Executive Director. The related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and with the approval of the Board.

13. Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, all of which are reported at amortized cost. Due to their short term nature, the carrying value of financial instruments approximate their fair value. The financial assets measured at fair value include marketable securities that hold investments in equity instruments.

Management has determined that the Foundation is not exposed to significant credit or interest rate risk but does have some market risk due to the nature of investments held. During the year, the reported value of marketable securities was adjusted to fair value, resulting in unrealized loss on temporary investments of (\$37,229) (2014: \$14,580).

14. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.
