

THE ALBERTA ECOTRUST FOUNDATION
Financial Statements
December 31, 2018

THE ALBERTA ECOTRUST FOUNDATION
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For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Alberta Ecotrust Foundation :

Opinion

We have audited the financial statements of The Alberta Ecotrust Foundation (the "Foundation"), which comprise the statement of financial position, as at December 31, 2018, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its results of operations, changes in fund balances 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 report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Foundation for the year ended December 31, 2017, were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on June 7, 2018.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 13 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2017 has been restated.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report to the Members of The Alberta Ecotrust Foundation *(continued)*

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of 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 Foundation'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 Foundation'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 Foundation 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.

BDO Canada LLP


Chartered Professional Accountants


Calgary, Alberta
November 7, 2019

THE ALBERTA ECOTRUST FOUNDATION
Statement of Financial Position
As at December 31, 2018

	General Fund	EcoCity Edmonton Grant Fund	2018	2017 Restated (Note 13)
Assets				
Current				
Cash and cash equivalents	\$ 920,186	\$ 261,612	\$ 1,181,798	\$ 236,429
Marketable securities (Note 3)	252,693	-	252,693	340,872
Accounts receivable Short term	85,181	-	85,181	6,838
investment (Note 4)	-	150,000	150,000	-
Goods and services tax recoverable	-	-	-	5,525
Prepaid expenses	18,061	-	18,061	13,569
	1,276,121	411,612	1,687,733	603,233
Property and equipment (Note 5)	315	-	315	944
	\$ 1,276,436	\$ 411,612	\$ 1,688,048	\$ 604,177
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 34,465	\$ -	\$ 34,465	\$ 20,555
Grant commitments (Note 6)	299,978	50,030	350,008	189,967
Goods and services tax payable	83	-	83	-
Deferred contributions related to operations (Note 7)	778,789	361,582	1,140,371	393,170
	1,113,315	411,612	1,524,927	603,692
Net Assets				
Invested in property and equipment	315	-	315	944
Internally restricted (Note 8)	3,712	-	3,712	3,712
Unrestricted	159,094	-	159,094	(4,171)
	163,121	-	163,121	485
	\$ 1,276,436	\$ 411,612	\$ 1,688,048	\$ 604,177

On behalf of the Board


 _____ Director


 _____ Director

THE ALBERTA ECOTRUST FOUNDATION
Statement of Operations
For the Year Ended December 31, 2018

	General Fund	EcoCity Edmonton Grant Fund	2018	2017 Restated
Revenue				
Foundations and grants (Note 9)	\$ 726,605	\$ 239,369	\$ 965,974	\$ 663,778
Donations	485,863	-	485,863	260,932
Fees for service	46,000	-	46,000	23,802
Sponsorships	44,659	-	44,659	69,961
Event revenue	37,975	-	37,975	25,637
Other income	12,468	-	12,468	9,592
Investment income	7,260	-	7,260	5,829
	1,360,830	239,369	1,600,199	1,059,531
Expenses				
Grants				
Major Project (Note 7)	494,296	239,369	733,665	465,882
Program delivery	123,616	-	123,616	118,193
	617,912	239,369	857,281	584,075
Capacity building	185,230	-	185,230	190,361
	185,230	-		
Facilitating collaboration and action				
Community collaboration	136,316	-	136,316	120,227
Partners as stewards	147,527	-	147,527	94,178
Voluntary sector leadership	4,583	-	4,583	734
	288,426	-	288,426	215,139
Financial management				
Office	52,800	-	52,800	56,212
Professional fees	26,228	-	26,228	24,900
Insurance	2,790	-	2,790	4,400
Amortization of property and equipment	629	-	629	629
	82,447	-	82,447	86,141
	1,174,015	239,369	1,413,384	1,075,716
Excess (deficiency) of revenue over expenses before unrealized investment gain (loss)	186,815	-	186,815	(16,185)
Unrealized investment gain (loss)	(24,179)	-	(24,179)	12,216
Excess (deficiency) of revenue over expenses	\$ 162,636	\$ -	\$ 162,636	\$ (3,969)

The accompanying notes are an integral part of these financial statements.

THE ALBERTA ECOTRUST FOUNDATION
Statement of Changes in Net Assets
For the Year Ended December 31, 2018

	Invested in property and equipment	Internally restricted	Unrestricted	2018	2017
Net assets - beginning of year	\$ 944	\$ 3,712	\$ (4,171)	\$ 485	\$ 4,454
Excess (deficiency) of revenue over expenses	(629)	-	163,265	162,636	(3,969)
Net assets - end of year	\$ 315	\$ 3,712	\$ 159,094	\$ 163,121	\$ 485

The accompanying notes are an integral part of these financial statements.

THE ALBERTA ECOTRUST FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2018

	General Fund	EcoCity Edmonton Grant Fund	2018	2017
Operating activities				
Deficiency of revenue over expenses	\$ 162,636	\$ -	\$ 162,636	\$ (3,969)
Items not affecting cash:				
Amortization of property and equipment	629	-	629	629
Unrealized investment loss (gain)	24,179	-	24,179	(12,216)
	<u>187,444</u>	<u>-</u>	<u>187,444</u>	<u>(15,556)</u>
Changes in non-cash working capital:				
Accounts receivable	(78,343)	-	(78,343)	(5,281)
Accounts payable and accrued liabilities	13,909	-	13,909	(3,764)
Prepaid expenses	(4,492)	-	(4,492)	3,761
Goods and services tax recoverable	5,608	-	5,608	(4,050)
Grant commitments	125,497	34,544	160,041	79,391
Deferred contributions related to operations	426,621	320,580	747,201	(250,421)
	<u>488,800</u>	<u>355,124</u>	<u>843,924</u>	<u>(180,364)</u>
Cash flows from operating activities	<u>676,244</u>	<u>355,124</u>	<u>1,031,368</u>	<u>(195,920)</u>
Investing activities				
Net proceeds from sale (acquisition) of marketable securities	64,001	-	64,001	(5,723)
Purchase of short term investment	-	(150,000)	(150,000)	-
Cash flows from (used by) investing activities	<u>64,001</u>	<u>(150,000)</u>	<u>(85,999)</u>	<u>(5,723)</u>
Net change in cash and cash equivalents during the year	740,245	205,124	945,369	(201,643)
Cash and cash equivalents - beginning of year	<u>179,941</u>	<u>56,488</u>	<u>236,429</u>	<u>438,072</u>
Cash and cash equivalents - end of year	\$ 920,186	\$ 261,612	\$ 1,181,798	\$ 236,429

The accompanying notes are an integral part of these financial statements.

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

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 (ASNFPO) 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 deferral method of accounting for contributions.

Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services revenue is recognized in the year in which the services are provided.

Sponsorships and event revenues are recognized as revenue when the sponsored event is held.

Investment income includes interest and dividend is recognized as revenue on an accrual basis when it is earned.

Unrealized gains or losses are measured between carrying value and fair market value as at reporting date.

Funds

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

The EcoCity Edmonton Grant Fund ("EcoCity") received from the City of Edmonton and the Edmonton Community Foundation is for the purpose of advancing projects which would improve the environmental benefit of certain properties within the City of Edmonton.

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, 2018

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

Committed project funding

Funding for projects approved by the Board of Directors 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.

Property and equipment

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

Computer equipment	3 years
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Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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

Donations of services and materials that would otherwise 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. Estimates required in the preparation of these financial statements include the determination of deferred contributions and accrued liabilities.

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

3. Marketable securities

The Foundation holds marketable securities with the following values:

	2018	2017
Canadian equities	<u>\$ 252,693</u>	<u>\$ 340,872</u>

4. Short term investment

During the year, the Foundation purchased \$150,000 (2017: \$Nil) Cashable Guaranteed Investment Certificate bearing interest 1.8% per annum, matured on August 12, 2019.

5. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	<u>\$ 34,642</u>	<u>\$ 34,327</u>	<u>\$ 315</u>	<u>\$ 944</u>

6. Grant commitments

	2018	2017
Balance - beginning of year	\$ 189,967	\$ 95,092
Grant commitments approved (Note 7)	494,296	300,000
Grant commitments paid	(368,800)	(220,610)
EcoCity grant commitments approved (Note 7)	239,369	169,999
EcoCity grant commitments paid	<u>(204,824)</u>	<u>(154,514)</u>
	<u>\$ 350,008</u>	<u>\$ 189,967</u>

7. Deferred contributions related to operations

	2018	2017
Balance - beginning of year	\$ 393,170	\$ 659,077
Grant received from Edmonton Community Foundation	1,100,600	-
Other contributions received for future years	355,250	278,803
Grant commitments approved (Note 6)	(494,296)	(300,000)
Contributions recognized as revenue	(534,932)	(202,139)
EcoCity Edmonton Grant found received	575,000	150,000
EcoCity Edmonton Grant approved (Note 6)	(239,369)	(169,999)
Ecocity Edmonton revenue recognized	<u>(15,052)</u>	<u>(22,572)</u>
Balance - end of year	<u>\$ 1,140,371</u>	<u>\$ 393,170</u>

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

8. 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.

9. Foundations and grants

	<u>2018</u>	<u>2017</u>
Edmonton Community Foundation (Note 7)	\$ 494,296	\$ 300,000
EcoCity grant revenue (Note 7)	239,369	169,999
Government of Alberta Clean Economy Fund	120,624	92,576
The Calgary Foundation	56,685	-
Others	50,000	84,500
RBC Foundation	5,000	3,799
	-	12,904
	<u>\$ 965,974</u>	<u>\$ 663,778</u>

10. Lease commitments

The existing lease agreement for office space expired on July 31, 2019. The Foundation entered a new office lease agreement on July 2, 2019 with 7 year term commencing August 1, 2019 and expiring July 31, 2026. The lease includes a 4 month rent free period as a lease inducement. The future minimum lease payments excluding operating costs are as follows:

2019	\$ 5,533
2020	66,396
2021	66,396
2022	67,654
2023	69,414
Thereafter	<u>179,320</u>
	<u>\$ 454,713</u>

11. Related party transactions

One of the employees 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.

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2018

12. 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. There has been no change in exposure to risk from that reported in the prior year. During the year, the reported value of marketable securities was adjusted to fair value, resulting in unrealized loss on temporary investments of \$24,179 (2017: gain of \$12,216).

13. Comparative figures

Transactions in the EcoCity fund described in Note 2 were previously classified as if the funds were held in trust, therefore no revenue and expense associated with these funds were reported in the prior year financial statements. In the current year, these funds have been reclassified as externally restricted contributions, resulting in the following changes being made to retrospectively recognize the applicable revenue, expenses, assets and liabilities of the EcoCity fund.

	As previously reported	Restatements	As restated
Cash and Cash equivalents	\$ 179,941	\$ 56,488	\$ 236,429
Restricted cash	56,488	(56,488)	-
Grant commitments	174,481	15,486	189,967
Deferred contributions related to operations	352,168	41,002	393,170
Funds held in trust	56,488	(56,488)	-
Foundations and grant revenue	493,779	169,999	663,778
Major project expenses	295,955	169,927	465,882
Office expenses	56,140	72	56,212
