

**THE ALBERTA ECOTRUST FOUNDATION**  
**Financial Statements**  
**December 31, 2019**

**THE ALBERTA ECOTRUST FOUNDATION**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, 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.

### 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.

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.

*(continues)*



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

- 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  
June 1, 2020

**THE ALBERTA ECOTRUST FOUNDATION**  
**Statement of Financial Position**  
**As at December 31, 2019**

	General Fund	EcoCity Edmonton Grant Fund	Cities/PCC Legacy Research Grant Fund	2019	2018
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	\$ 1,147,349	\$ 172,082	\$ 264,035	\$ 1,683,466	\$ 1,181,798
Marketable securities (Note 3)	291,412	-	-	291,412	252,693
Accounts receivable	7,237	-	-	7,237	85,161
Short term investment (Note 4)	-	181,078	-	181,078	150,000
Goods and services tax recoverable	7,366	-	-	7,366	-
Prepaid expenses	28,384	-	-	28,384	18,061
	<u>1,479,738</u>	<u>323,168</u>	<u>264,035</u>	<u>2,066,931</u>	<u>1,687,733</u>
Property and equipment (Note 5)	-	-	-	-	315
	<u>\$ 1,479,738</u>	<u>\$ 323,168</u>	<u>\$ 264,035</u>	<u>\$ 2,066,931</u>	<u>\$ 1,688,048</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	\$ 51,022	\$ -	\$ -	\$ 51,022	\$ 34,465
Grant commitments (Note 6)	383,383	116,176	38,991	517,549	392,008
Goods and services tax payable	-	-	-	-	83
Deferred contributions related to operations (Note 6)	984,978	207,983	225,044	1,418,005	1,098,371
Current portion of lease inducement (Note 8)	3,182	-	-	3,182	-
	<u>1,402,546</u>	<u>323,168</u>	<u>264,035</u>	<u>1,889,738</u>	<u>1,524,927</u>
Lease inducement (Note 8)	<u>17,853</u>	<u>-</u>	<u>-</u>	<u>17,853</u>	<u>-</u>
	<u>1,420,198</u>	<u>323,168</u>	<u>264,035</u>	<u>2,007,391</u>	<u>1,524,927</u>
<b>Net Assets</b>					
Invested in property and equipment	-	-	-	-	315
Internally restricted (Note 7)	3,712	-	-	3,712	3,712
Unrestricted	<u>59,828</u>	<u>-</u>	<u>-</u>	<u>59,828</u>	<u>159,094</u>
	<u>59,840</u>	<u>-</u>	<u>-</u>	<u>59,840</u>	<u>163,121</u>
	<u>\$ 1,479,738</u>	<u>\$ 323,168</u>	<u>\$ 264,035</u>	<u>\$ 2,066,931</u>	<u>\$ 1,688,048</u>

On behalf of the Board

*Mark Burnett*

Director

*[Signature]*

Director

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

**THE ALBERTA ECOTRUST FOUNDATION**  
**Statement of Operations**  
**For the Year Ended December 31, 2019**

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	2019	2018
<b>Revenue</b>					
Foundations and grants (Note 6)	\$ 1,102,118	\$ 276,396	\$ 194,956	\$ 1,573,470	\$ 965,974
Donations	260,306	-	-	260,306	485,863
Fees for service	107,077	-	-	107,077	46,000
Sponsorships	50,760	-	-	50,760	44,659
Event revenue	34,782	-	-	34,782	37,975
Other income	1,651	-	-	1,651	12,468
Investment income	1,977	-	-	1,977	7,260
	<u>1,548,660</u>	<u>276,396</u>	<u>194,956</u>	<u>2,020,012</u>	<u>1,600,199</u>
<b>Expenses</b>					
<b>Grants</b>					
Major Project	595,200	276,396	194,956	1,066,552	733,665
Program delivery	288,142	-	-	288,142	123,616
	<u>883,342</u>	<u>276,396</u>	<u>194,956</u>	<u>1,354,694</u>	<u>857,281</u>
<b>Capacity building and collaboration</b>	<u>660,467</u>	<u>-</u>	<u>-</u>	<u>660,467</u>	<u>473,656</u>
<b>Financial management</b>					
Office	81,199	-	-	81,199	52,800
Professional fees	61,902	-	-	61,902	26,228
Insurance	3,735	-	-	3,735	2,790
Amortization of property and equipment	315	-	-	315	629
	<u>147,151</u>	<u>-</u>	<u>-</u>	<u>147,151</u>	<u>82,447</u>
	<u>1,690,960</u>	<u>276,396</u>	<u>194,956</u>	<u>2,162,312</u>	<u>1,413,384</u>
<b>(Deficiency) excess of revenue over expenses before unrealized investment gain (loss)</b>	<u>(142,300)</u>	<u>-</u>	<u>-</u>	<u>(142,300)</u>	<u>186,815</u>
Unrealized investment gain (loss)	38,719	-	-	38,719	(24,179)
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ (103,581)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,581)</u>	<u>\$ 162,636</u>

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, 2019**

	Invested in property and equipment	Internally restricted	Unrestricted	2019	2018
<b>Net assets - beginning of year</b>	\$ 315	\$ 3,712	\$ 159,094	\$ 163,121	\$ 485
Excess (deficiency) of revenue over expenses	(315)	-	(103,266)	(103,581)	162,636
<b>Net assets - end of year</b>	\$ -	\$ 3,712	\$ 55,828	\$ 59,540	\$ 163,121

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, 2019**

	General Fund	EcoCity Edmonton Grant Fund	CitisealPCC Legacy Research Grant Fund	2019	2018
<b>Operating activities</b>					
Deficiency of revenue over expenses	\$ (103,581)	\$ -	\$ -	\$ (103,581)	\$ 162,636
Items not affecting cash:					
Amortization of property and equipment	316	-	-	316	629
Unrealized investment loss (gain)	(38,719)	-	-	(38,719)	24,179
	<u>(141,985)</u>	<u>-</u>	<u>-</u>	<u>(141,985)</u>	<u>187,444</u>
<b>Changes in non-cash working capital:</b>					
Accounts receivable	77,944	-	-	77,944	(78,343)
Accounts payable and accrued liabilities	16,559	-	-	16,559	13,909
Prepaid expenses	(8,324)	-	-	(8,324)	(4,492)
Goods and services tax recoverable	(7,439)	-	-	(7,439)	5,608
Grant commitments	63,405	23,146	38,991	125,542	160,041
Deferred contributions related to operations	206,188	(111,599)	225,044	319,633	747,201
Lease inducement	20,815	-	-	20,815	-
	<u>369,148</u>	<u>(88,453)</u>	<u>264,036</u>	<u>544,730</u>	<u>843,924</u>
<b>Cash flows from operating activities</b>	<b>227,163</b>	<b>(88,453)</b>	<b>264,036</b>	<b>402,745</b>	<b>1,031,368</b>
<b>Investing activities</b>					
Net proceeds from sale (acquisition) of marketable securities	-	-	-	-	64,001
Purchase of short term investment	-	(1,077)	-	(1,077)	(150,000)
<b>Cash flows from (used by) investing activities</b>	<b>-</b>	<b>(1,077)</b>	<b>-</b>	<b>(1,077)</b>	<b>(85,999)</b>
<b>Net change in cash and cash equivalents during the year</b>	<b>227,163</b>	<b>(89,530)</b>	<b>264,036</b>	<b>401,668</b>	<b>945,369</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>920,186</b>	<b>261,612</b>	<b>-</b>	<b>1,181,798</b>	<b>236,429</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,147,349</b>	<b>\$ 172,082</b>	<b>\$ 264,036</b>	<b>\$ 1,583,466</b>	<b>\$ 1,181,798</b>

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



## THE ALBERTA ECOTRUST FOUNDATION

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 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.

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#### 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 (ASNFP) 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 grants related to specific projects conducted by the Foundation and for advancing to projects targeted to improve environmental benefits.

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, 2019

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#### 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.

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**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**3. Marketable securities**

The Foundation holds marketable securities with the following values:

	<u>2019</u>	<u>2018</u>
Canadian equities	<u>\$ 291,412</u>	<u>\$ 252,693</u>

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**4. Short term investment**

During the year, the Foundation purchased \$150,000 (2018: \$150,000) Cashable Guaranteed Investment Certificate bearing interest 1.95% per annum, matured on February 14, 2020.

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**5. Property and equipment**

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2019 Net book value</u>	<u>2018 Net book value</u>
Computer equipment	<u>\$ 34,642</u>	<u>\$ 34,642</u>	<u>\$ -</u>	<u>\$ 315</u>

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**THE ALBERTA ECOTRUST FOUNDATION**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**6. Deferred contributions and grant commitment**

	<b>General Fund</b>	<b>EcoCity Edmonton Grant Fund</b>	<b>Cities/PCCLegacy Research Grant Fund</b>	<b>2019</b>	<b>2018</b>
<b><u>Deferred contributions related to operations</u></b>					
Balance - beginning of year	\$ 778,790	\$ 319,581	\$ -	\$ 1,098,371	\$ 393,170
Grant received	600,000	-	420,000	1,020,000	1,675,600
Other contributions received	903,208	176,567	-	1,079,775	355,250
Grant commitments approved	(600,000)	(276,396)	(194,956)	(1,071,352)	(775,665)
Revenue recognized	(697,020)	(11,769)	-	(708,789)	(549,984)
	<b>984,978</b>	<b>207,983</b>	<b>225,044</b>	<b>1,418,005</b>	<b>1,098,371</b>
<b><u>Grant commitments</u></b>					
Balance - beginning of year	299,978	92,030	-	392,008	189,967
Grant commitment approved	599,700	276,396	194,956	1,071,052	775,665
Grant commitment paid	(536,295)	(253,251)	(155,965)	(945,511)	(573,624)
	<b>363,383</b>	<b>115,175</b>	<b>38,991</b>	<b>517,549</b>	<b>392,008</b>
<b><u>Foundation and grant revenue</u></b>					
Edmonton Community Foundation	600,000	-	-	600,000	494,296
EcoCity grant revenue	-	276,396	194,956	471,352	239,369
Other Foundations	227,832	-	-	227,832	5,000
Clean Economy Fund	80,000	-	-	80,000	56,685
The Calgary Foundation	70,324	-	-	70,324	50,000
LC3 Edmonton	46,129	-	-	46,129	-
LC3 Calgary	45,991	-	-	45,991	-
Government of Alberta	31,842	-	-	31,842	120,624
	<b>\$ 1,102,118</b>	<b>\$ 276,396</b>	<b>\$ 194,956</b>	<b>\$ 1,573,470</b>	<b>\$ 965,974</b>

## THE ALBERTA ECOTRUST FOUNDATION

### Notes to Financial Statements

Year Ended December 31, 2019

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#### 7. 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.

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#### 8. Lease inducement

	<u>2019</u>	<u>2018</u>
Deferred lease inducement, beginning	\$ 22,132	\$ -
Less: portion recognized in current period	<u>(1,317)</u>	<u>-</u>
	20,815	-
Current portion	<u>(3,162)</u>	<u>-</u>
Long term deferred lease inducement	<u>\$ 17,653</u>	<u>\$ -</u>

The Foundation entered a new office lease agreement on July 2, 2019. The lease includes a 4 month rent free period as a lease inducement. These lease inducements will be recognized as revenue over the term of the lease, which ends July 31, 2026

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#### 9. Commitments

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 future minimum lease payments excluding operating costs are as follows:

2020	\$ 66,396
2021	66,396
2022	67,654
2023	69,414
2024	69,414
Thereafter	<u>109,906</u>
	<u>\$ 449,180</u>

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#### 10. 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.

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## **THE ALBERTA ECOTRUST FOUNDATION**

### **Notes to Financial Statements**

**Year Ended December 31, 2019**

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#### **11. Financial instruments**

The Foundation is exposed to various risks through its financial instruments. There has been no change in risk exposure from prior year.

##### **Liquidity risk**

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and commitments.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The maintains a portion of its invested assets in liquid securities.

##### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is mainly exposed to interest rate risk.

##### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is not exposed to interest rate risk on marketable securities held. During the year, the reported value of marketable securities was adjusted to fair value, resulting in unrealized gain on temporary investments of \$38,719 (2018: loss of \$24,179).

The Foundation mitigates interest rate risk by holding investments in equity instruments.

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#### **12. Subsequent events**

Subsequent to year-end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by provincial and federal governments. The Foundation prepared an updated 2020 budget in response to COVID-19 which targets to cut down non-essential expenses and includes confirmed pledges for 2020. Management is currently assessing the financial impact; however, it is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results in future periods.

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#### **13. Comparative figures**

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year excess of revenue over expenses from operations.

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