

**THE ALBERTA ECOTRUST FOUNDATION**  
**Financial Statements**  
**December 31, 2017**

**THE ALBERTA ECOTRUST FOUNDATION**  
**Index to Financial Statements**  
**For the Year Ended December 31, 2017**

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|                                       | Page   |
|---------------------------------------|--------|
| INDEPENDENT AUDITOR'S REPORT          | 1      |
| FINANCIAL STATEMENTS                  |        |
| Statement of Financial Position       | 2      |
| Statement of Operations               | 3      |
| Statement of Changes in Fund Balances | 4      |
| Statement of Cash Flows               | 5      |
| Notes to Financial Statements         | 6 - 10 |

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## INDEPENDENT AUDITOR'S REPORT

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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, 2017 and the statements of operations, changes in net assets 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 generally accepted auditing standards. 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, 2017 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  
June 7, 2018

Chartered Professional Accountants

# THE ALBERTA ECOTRUST FOUNDATION

## Statement of Financial Position

As at December 31, 2017

|   | General<br>Fund   | EcoCity<br>Edmonton<br>Grant Fund | 2017              | 2016              |
|---|-------------------|-----------------------------------|-------------------|-------------------|
| <b>Assets</b>   |                   |                                   |                   |                   |
| Current   |                   |                                   |                   |                   |
| Cash and cash equivalents                             | \$ 179,941        | \$ -                              | \$ 179,941        | \$ 352,437        |
| Restricted cash                                       | -                 | 56,488                            | 56,488            | 85,635            |
| Marketable securities (Note 3)                        | 340,872           | -                                 | 340,872           | 322,932           |
| Accounts receivable                                   | 6,838             | -                                 | 6,838             | 1,557             |
| Goods and services tax recoverable                    | 5,525             | -                                 | 5,525             | 1,475             |
| Prepaid expenses                                      | 13,569            | -                                 | 13,569            | 17,330            |
|   | <b>546,745</b>    | <b>56,488</b>                     | <b>603,233</b>    | <b>781,366</b>    |
| Property and equipment (Note 4)                       | 944               | -                                 | 944               | 1,574             |
|   | <b>\$ 547,689</b> | <b>\$ 56,488</b>                  | <b>\$ 604,177</b> | <b>\$ 782,940</b> |
| <b>Liabilities</b>                                    |                   |                                   |                   |                   |
| Current   |                   |                                   |                   |                   |
| Accounts payable and accrued liabilities              | \$ 20,555         | \$ -                              | \$ 20,555         | \$ 24,318         |
| Grant commitments (Note 5)                            | 174,481           | -                                 | 174,481           | 95,090            |
|   | <b>195,036</b>    | <b>-</b>                          | <b>195,036</b>    | <b>119,408</b>    |
| Deferred contributions related to operations (Note 6) | 352,168           | -                                 | 352,168           | 575,504           |
| Funds held in trust (Note 7)                          | -                 | 56,488                            | 56,488            | 83,574            |
|   | <b>547,204</b>    | <b>56,488</b>                     | <b>603,692</b>    | <b>778,486</b>    |
| <b>Fund Balances</b>                                  |                   |                                   |                   |                   |
| Invested in property and equipment                    | 944               | -                                 | 944               | 1,574             |
| Externally restricted funds                           | -                 | -                                 | -                 | 625               |
| Internally restricted funds (Note 8)                  | 3,712             | -                                 | 3,712             | 3,712             |
| Unrestricted funds                                    | (4,171)           | -                                 | (4,171)           | (1,457)           |
|   | <b>485</b>        | <b>-</b>                          | <b>485</b>        | <b>4,454</b>      |
|   | <b>\$ 547,689</b> | <b>\$ 56,488</b>                  | <b>\$ 604,177</b> | <b>\$ 782,940</b> |

On behalf of the board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# THE ALBERTA ECOTRUST FOUNDATION

## Statement of Operations

For the Year Ended December 31, 2017

|  | 2017              | 2016                |
|--|-------------------|---------------------|
| <b>Revenue</b>   |                   |                     |
| Foundations and grants (Note 9)  | \$ 493,779        | \$ 289,736          |
| Donations  | 260,932           | 148,060             |
| Sponsorships   | 69,961            | 18,500              |
| Event revenue  | 25,637            | 30,916              |
| Fees for service   | 23,802            | 34,850              |
| Other income   | 9,592             | 4,764               |
| Investment income  | 5,829             | 3,599               |
|  | <u>889,532</u>    | <u>530,425</u>      |
| <b>Expenses</b>  |                   |                     |
| <b>Grants</b>  |                   |                     |
| Major project  | 295,955           | 95,800              |
| Program delivery   | 118,193           | 116,648             |
|  | <u>414,148</u>    | <u>212,448</u>      |
| <b>Capacity building</b>   | <u>190,361</u>    | <u>177,048</u>      |
| <b>Facilitating collaboration and action</b>                                 |                   |                     |
| Community collaboration  | 120,227           | 153,405             |
| Partners as stewards   | 94,178            | 101,442             |
| Voluntary sector leadership  | 734               | 4,148               |
|  | <u>215,139</u>    | <u>258,995</u>      |
| <b>Financial management</b>  |                   |                     |
| Office   | 56,140            | 50,007              |
| Professional fees  | 24,900            | 28,288              |
| Insurance  | 4,400             | 3,738               |
| Amortization of property and equipment                                       | 629               | 315                 |
|  | <u>86,069</u>     | <u>82,348</u>       |
|  | <u>905,717</u>    | <u>730,839</u>      |
| <b>Deficiency of revenue over expenses before unrealized investment gain</b> | <u>(16,185)</u>   | <u>(200,414)</u>    |
| Unrealized investment gain   | 12,216            | 47,621              |
| <b>Deficiency of revenue over expenses</b>                                   | <u>\$ (3,969)</u> | <u>\$ (152,793)</u> |

**THE ALBERTA ECOTRUST FOUNDATION**  
**Statement of Changes in Fund Balances**  
**Year End December 31, 2017**

|                                    | Beginning<br>of year | Deficiency of<br>revenue over<br>expenses | Interfund<br>transfers | End of<br>year |
|------------------------------------|----------------------|---|------------------------|----------------|
| General fund                       |                      |   |                        |                |
| Invested in property and equipment | \$ 1,574             | \$ (630)                                  | \$ -                   | \$ 944         |
| Internally restricted              | 3,712                | -   | -                      | 3,712          |
| Unrestricted                       | (1,457)              | (2,714)                                   | -                      | (4,171)        |
|                                    | 3,829                | (3,344)                                   | -                      | 485            |
| Externally restricted              |                      |   |                        |                |
| Sustainability fund                | 625                  | (625)                                     | -                      | -              |
|                                    | \$ 4,454             | \$ (3,969)                                | \$ -                   | \$ 485         |

# THE ALBERTA ECOTRUST FOUNDATION

## Statement of Cash Flows

For the Year Ended December 31, 2017

|  | General<br>Fund   | EcoCity<br>Edmonton<br>Grant Fund | 2017              | 2016              |
|--|-------------------|-----------------------------------|-------------------|-------------------|
| <b>Operating activities</b>                                    |                   |                                   |                   |                   |
| Deficiency of revenue over expenses                            | \$ (3,969)        | \$ -                              | \$ (3,969)        | \$ (152,793)      |
| Items not affecting cash:                                      |                   |                                   |                   |                   |
| Amortization of property and equipment                         | 629               | -                                 | 629               | 315               |
| Unrealized investment (gain)                                   | (12,216)          | -                                 | (12,216)          | (47,621)          |
|  | <u>(15,556)</u>   | <u>-</u>                          | <u>(15,556)</u>   | <u>(200,099)</u>  |
| Changes in non-cash working capital:                           |                   |                                   |                   |                   |
| Accounts receivable  | (5,281)           | -                                 | (5,281)           | 28,443            |
| Accounts payable and accrued liabilities                       | (3,764)           | -                                 | (3,764)           | (33,082)          |
| Prepaid expenses   | 3,761             | -                                 | 3,761             | (9,303)           |
| Goods and services tax recoverable                             | (4,050)           | -                                 | (4,050)           | 6,666             |
| Grant commitments  | 79,391            | -                                 | 79,391            | (108,282)         |
| Funds held in trust  | -                 | (27,086)                          | (27,086)          | (77,548)          |
| Deferred contributions related to operations                   | (223,335)         | -                                 | (223,335)         | 307,191           |
|  | <u>(153,278)</u>  | <u>(27,086)</u>                   | <u>(180,364)</u>  | <u>114,085</u>    |
| Cash flows from operating activities                           | <u>(168,834)</u>  | <u>(27,086)</u>                   | <u>(195,920)</u>  | <u>(86,014)</u>   |
| <b>Investing activities</b>                                    |                   |                                   |                   |                   |
| Purchase of property and equipment                             | -                 | -                                 | -                 | (1,889)           |
| Net proceeds from sale (acquisition) of marketable securities  | (5,723)           | -                                 | (5,723)           | 132,247           |
| Cash flows from (used by) investing activities                 | <u>(5,723)</u>    | <u>-</u>                          | <u>(5,723)</u>    | <u>130,358</u>    |
| <b>Net change in cash and cash equivalents during the year</b> | <b>(174,557)</b>  | <b>(27,086)</b>                   | <b>(201,643)</b>  | <b>44,344</b>     |
| Cash and cash equivalents - beginning of year                  | <u>354,498</u>    | <u>83,574</u>                     | <u>438,072</u>    | <u>393,728</u>    |
| <b>Cash and cash equivalents - end of year</b>                 | <b>\$ 179,941</b> | <b>\$ 56,488</b>                  | <b>\$ 236,429</b> | <b>\$ 438,072</b> |

See notes to financial statements

**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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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 (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 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 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.

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.

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**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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

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 |

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

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.

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**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**3. Marketable securities**

The Foundation holds marketable securities with the following values:

|                   | <u>2017</u>       | <u>2016</u>       |
|-------------------|-------------------|-------------------|
| Canadian equities | <b>\$ 340,872</b> | <b>\$ 322,932</b> |

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**4. Property and equipment**

|                    | <u>Cost</u>      | <u>Accumulated<br/>amortization</u> | <u>2017<br/>Net book<br/>value</u> | <u>2016<br/>Net book<br/>value</u> |
|--------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|
| Computer equipment | <b>\$ 34,642</b> | <b>\$ 33,698</b>                    | <b>\$ 944</b>                      | <b>\$ 1,574</b>                    |

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**5. Grant commitments**

|                              | <u>2017</u>       | <u>2016</u>       |
|------------------------------|-------------------|-------------------|
| Balance - beginning of year  | <b>\$ 95,090</b>  | <b>\$ 203,372</b> |
| Grant commitments approved   | <b>295,583</b>    | <b>95,800</b>     |
| Grant commitments paid       | <b>(216,192)</b>  | <b>(204,082)</b>  |
| <b>Balance - end of year</b> | <b>\$ 174,481</b> | <b>\$ 95,090</b>  |

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**6. Deferred contributions related to operations**

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| Balance - beginning of year             | <b>\$ 575,504</b> | <b>\$ 268,313</b> |
| Contributions received for future years | <b>278,803</b>    | <b>446,000</b>    |
| Contributions recognized as revenue     | <b>(502,139)</b>  | <b>(138,809)</b>  |
| <b>Balance - end of year</b>            | <b>\$ 352,168</b> | <b>\$ 575,504</b> |

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**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**7. Funds held in trust**

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>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| <u>EcoCity Edmonton Grant Fund</u>            |                  |                  |
| Balance - beginning of year                   | \$ 83,574        | \$ 55,938        |
| Contributions received                        | 150,000          | 199,000          |
| Administration costs and bank charges paid    | (22,572)         | (29,922)         |
| Amounts expended by grant selection committee | <u>(154,514)</u> | <u>(141,442)</u> |
|   | <u>\$ 56,488</u> | <u>\$ 83,574</u> |

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**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.

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**9. Foundations and grants**

|                               | <u>2017</u>       | <u>2016</u>       |
|-------------------------------|-------------------|-------------------|
| Edmonton Community Foundation | \$ 300,000        | \$ 50,000         |
| Government of Alberta         | 92,576            | -                 |
| The Calgary Foundation        | 84,500            | 77,640            |
| RBC Foundation                | 12,904            | 12,096            |
| Others                        | 3,799             | -                 |
| Suncor Energy Foundation      | -                 | 50,000            |
| Cenovus Employee Foundation   | -                 | 50,000            |
| Imperial Oil Foundation       | -                 | 50,000            |
|                               | <u>\$ 493,779</u> | <u>\$ 289,736</u> |

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**THE ALBERTA ECOTRUST FOUNDATION**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2017**

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**10. Lease commitments**

During the year, the Foundation signed an agreement with Can Telematics Incorporated to lease an office space commencing May 1, 2016 and expiring July 31, 2019.

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

|      |    |        |
|------|----|--------|
| 2018 | \$ | 40,800 |
| 2019 |    | 23,800 |

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**11. 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.

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**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. During the year, the reported value of marketable securities was adjusted to fair value, resulting in unrealized gain on temporary investments of \$12,216 (2016: 47,621).

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**13. Comparative figures**

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

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