

THE ALBERTA ECOTRUST FOUNDATION

Financial Statements

December 31, 2016

THE ALBERTA ECOTRUST FOUNDATION
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Year Ended December 31, 2016

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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, 2016 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 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, 2016 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 10, 2017

Calvista LLP
Chartered Professional Accountants

The Alberta Ecotrust Foundation
Statement of Financial Position
As at December 31, 2016

	General Fund	Sustainability Fund	Trans Mountain Legacy Fund	EcoCity Edmonton Grant Fund	2016	2015
Assets						
Current						
Cash and cash equivalents	\$ 328,591	\$ -	\$ -	\$ -	\$ 328,591	\$ 230,545
Restricted cash	-	2,061	-	83,574	85,635	163,183
Marketable securities (Note 3)	346,778	-	-	-	346,778	407,558
Accounts receivable	1,557	-	-	-	1,557	30,000
Goods and services tax recoverable	1,475	-	-	-	1,475	8,141
Prepaid expenses	17,330	-	-	-	17,330	8,027
Interfund receivables (payables)	1,436	(1,436)	-	-	-	-
	697,167	625	-	83,574	781,366	847,454
Property and equipment (Note 4)	1,574	-	-	-	1,574	-
	\$ 698,741	\$ 625	\$ -	\$ 83,574	\$ 782,940	\$ 847,454
Liabilities						
Current						
Accounts payable and accrued liabilities	\$ 24,318	\$ -	\$ -	\$ -	\$ 24,318	\$ 57,400
Grant commitments (Note 5)	95,090	-	-	-	95,090	203,372
	119,408	-	-	-	119,408	260,772
Deferred contributions related to operations (Note 6)	575,504	-	-	-	575,504	268,313
Funds held in trust (Note 7)	-	-	-	83,574	83,574	161,122
	694,912	-	-	83,574	778,486	690,207
Fund balances						
Invested in property and equipment	1,574	-	-	-	1,574	-
Externally restricted funds (Note 8)	-	625	-	-	625	1,625
Internally restricted funds (Note 9)	3,712	-	-	-	3,712	3,712
Unrestricted funds	(1,457)	-	-	-	(1,457)	151,910
	3,829	625	-	-	4,454	157,247
	\$ 698,741	\$ 625	\$ -	\$ 83,574	\$ 782,940	\$ 847,454

Approved on behalf of the Board:

Director: _____

Director: _____

The Alberta Ecotrust Foundation
Statement of Operations
Year End December 31, 2016

	General Fund	Sustainability Fund	2016	2015
Revenue				
Foundations and grants <i>(Note 10)</i>	\$ 289,736	\$ -	\$ 289,736	\$ 300,884
Donations	148,060	-	148,060	392,752
Sponsorships	18,500	-	18,500	40,000
Fees for service	34,850	-	34,850	30,000
Investment income	3,599	-	3,599	17,480
Other income	4,764	-	4,764	1,067
Event revenue	30,916	-	30,916	-
Interfund revenue (expenses) <i>(Note 9)</i>	1,000	(1,000)	-	-
	<u>531,425</u>	<u>(1,000)</u>	<u>530,425</u>	<u>782,183</u>
Expenses				
Grants				
Major projects	95,800	-	95,800	165,483
Program delivery	116,648	-	116,648	84,818
	<u>212,448</u>	<u>-</u>	<u>212,448</u>	<u>250,301</u>
Capacity building	<u>177,048</u>	<u>-</u>	<u>177,048</u>	<u>140,549</u>
Facilitating collaboration and action				
Community collaboration	153,405	-	153,405	151,695
Partners as stewards	101,442	-	101,442	106,070
Voluntary sector leadership	4,148	-	4,148	2,698
Strategic environmental communications	-	-	-	235
	<u>258,995</u>	<u>-</u>	<u>258,995</u>	<u>260,698</u>
Financial Management				
Office	50,007	-	50,007	51,636
Professional fees	28,288	-	28,288	26,269
Insurance	3,738	-	3,738	3,243
Amortization of property and equipment	315	-	315	2,184
	<u>82,348</u>	<u>-</u>	<u>82,348</u>	<u>83,332</u>
	<u>730,839</u>	<u>-</u>	<u>730,839</u>	<u>734,880</u>
Excess (deficiency) of revenue over expenses before other items	<u>(199,414)</u>	<u>(1,000)</u>	<u>(200,414)</u>	<u>47,303</u>
Unrealized investment (loss) gain	47,621	-	47,621	(37,229)
Excess (deficiency) of revenue over expenses	<u>\$ (151,793)</u>	<u>\$ (1,000)</u>	<u>\$ (152,793)</u>	<u>\$ 10,074</u>

**The Alberta Ecotrust Foundation
Statement of Changes in Fund Balances
Year End December 31, 2016**

	General Fund			Externally restricted funds	Total	
	Invested in property and equipment	Internally restricted	Unrestricted	Sustainability Fund	2016	2015
Fund balances, beginning of year	\$ -	\$ 3,712	\$ 151,910	\$ 1,625	\$ 157,247	\$ 147,173
Excess (deficiency) of revenue over expenses	(315)	-	(151,478)	(1,000)	(152,793)	10,074
Purchase of equipment	1,889	-	(1,889)	-	-	-
Fund balances, end of year	\$ 1,574	\$ 3,712	\$ (1,457)	\$ 625	\$ 4,454	\$ 157,247

**The Alberta Ecotrust Foundation
Statement of Cash Flows
Year End December 31, 2016**

	General Fund	Sustainability Fund	Trans Mountain Legacy Fund	EcoCity Edmonton Grant Fund	2016	2015
Operating activities						
Excess (deficiency) of revenue over expenses	\$ (151,793)	\$ (1,000)	\$ -	\$ -	\$ (152,793)	\$ 10,074
Items not affecting cash:						
Amortization of property and equipment	315	-	-	-	315	2,184
	(151,478)	(1,000)	-	-	(152,478)	12,258
Changes in non-cash working capital:						
Accounts receivable	28,443	-	-	-	28,443	(28,944)
Goods and services tax recoverable	6,666	-	-	-	6,666	(5,277)
Prepaid expenses	(9,303)	-	-	-	(9,303)	(5,999)
Accounts payable and accrued liabilities	(33,082)	-	-	-	(33,082)	25,006
Grant commitments	(108,282)	-	-	-	(108,282)	(53,302)
Deferred contributions related to operations	307,191	-	-	-	307,191	20,475
Funds held in trust (Note 7)	-	-	(105,184)	27,636	(77,548)	(267,069)
Interfund receivables (payables)	(1,000)	1,000	-	-	-	-
	190,633	1,000	(105,184)	27,636	114,085	(315,110)
Cash flow used by operating activities	39,155	-	(105,184)	27,636	(38,393)	(302,852)
Investing activities						
Purchase of property and equipment	(1,889)	-	-	-	(1,889)	-
Net proceeds from sale (acquisition) of marketable securities	60,780	-	-	-	60,780	469,978
Cash flow from (used by) investing activities	58,891	-	-	-	58,891	469,978
Increase (decrease) in cash and cash equivalents	98,046	-	(105,184)	27,636	20,498	167,126
Cash and cash equivalents, beginning of year	230,545	2,061	105,184	55,938	393,728	226,602
Cash and cash equivalents, end of year	\$ 328,591	\$ 2,061	\$ -	\$ 83,574	\$ 414,226	\$ 393,728
Cash and cash equivalents, end of year consisted of:						
Cash	\$ 328,591	\$ -	\$ -	\$ -	\$ 328,591	\$ 230,545
Restricted cash	-	2,061	-	83,574	85,635	163,183
	\$ 328,591	\$ 2,061	\$ -	\$ 83,574	\$ 414,226	\$ 393,728

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

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 (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 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, 2016

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

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.

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

3. Marketable securities

The Foundation holds marketable securities with the following values:

	<u>2016</u>	<u>2015</u>
General Fund		
Canadian Equity	\$ 346,778	\$ 407,558

4. Property and equipment

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2016 Net book value</u>	<u>2015 Net book value</u>
Computer equipment	\$ 34,642	\$ 33,068	\$ 1,574	\$ -

5. Grant commitments

	<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$ 203,372	\$ 256,674
Grant commitments approved	95,800	171,538
Grant commitments paid	(204,082)	(224,840)
Balance - end of year	\$ 95,090	\$ 203,372

6. Deferred contributions related to operations

	<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$ 268,313	\$ 247,838
Contributions received for future years	446,000	195,000
Contributions recognized as revenue	(138,809)	(174,525)
Balance - end of year	\$ 575,504	\$ 268,313

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

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, 2016, the projects finished.

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>2016</u>	<u>2015</u>
<u>Trans Mountain Legacy Fund</u>		
Balance - beginning of year	\$ 105,184	\$ 428,191
Contributions received	-	-
Interest income earned	63	4,687
Administration costs and bank charges paid	-	(5,000)
Amounts expended by steering committee	<u>(105,247)</u>	<u>(322,694)</u>
Balance - end of the year	-	105,184
<u>EcoCity Edmonton Grant Fund</u>		
Balance - beginning of year	55,938	-
Contributions received	199,000	150,000
Interest income earned	-	-
Administration costs and bank charges paid	(29,922)	(30,006)
Amounts expended by grant selection committee	<u>(141,442)</u>	<u>(64,056)</u>
Balance - end of the year	83,574	55,938
	\$ 83,574	\$ 161,122

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

In 2016, donations of \$1000 expired.

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

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

	2016	2015
The Calgary Foundation	\$ 77,640	\$ 25,784
Edmonton Community Foundation	50,000	110,000
Cenovus Employee Foundation	50,000	50,000
Suncor Energy Foundation	50,000	70,000
Imperial Oil Foundation	50,000	-
RBC Foundation	12,096	-
Government of Alberta	-	37,500
Others	-	7,600
	<u>\$ 289,736</u>	<u>\$ 300,884</u>

11. 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:

2017	\$ 40,800
2018	40,800
2019	23,800

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 gain on temporary investments of \$47,621 (2015: Loss (\$37,229)).

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2016

14. Comparative figures

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