

EDMONTON AND AREA LAND TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
AND
INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton and Area Land Trust:

We have audited the accompanying financial statements of **Edmonton and Area Land Trust** (the "Trust") which consist of the statement of financial position at December 31, 2015, the statements of changes in net assets, operations 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 the 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustment might be necessary to revenue, excess of revenue, assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Edmonton and Area Land Trust** as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
June 20, 2016

Yaremchuk & Annicchiarico LLP
Chartered Accountants


EDMONTON AND AREA LAND TRUST
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015


	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 90,451	\$ 88,250
Term deposits	2,113,662	306,714
Accounts receivable	968	242
Prepaid expenses	<u>1,201</u>	<u>1,213</u>
Total current assets	2,206,282	396,419
ECOLOGICALLY VALUABLE LAND	4,619,125	4,619,125
EQUIPMENT (Note 3)	<u>24,522</u>	<u>30,248</u>
TOTAL	<u>\$6,849,929</u>	<u>\$5,045,792</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,536	\$ 7,383
Deferred revenue (Note 4)	<u>1,740,897</u>	<u>7,843</u>
Total current liabilities	<u>1,748,433</u>	<u>15,226</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	<u>23,430</u>	<u>36,962</u>
NET ASSETS:		
Invested in ecologically valuable land	4,619,125	4,619,125
Invested in equipment	1,092	1,930
Unrestricted	<u>457,849</u>	<u>372,549</u>
Total net assets	<u>5,078,066</u>	<u>4,993,604</u>
TOTAL	<u>\$6,849,929</u>	<u>\$5,045,792</u>

Approved on behalf of the Board:


 _____ Director


 _____ Director

EDMONTON AND AREA LAND TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Invested in Ecologically Valuable <u>Land</u>	Invested in <u>Equipment</u>	<u>Unrestricted</u>	<u>2015</u> <u>Total</u>	2014 <u>Total</u>
Balance at beginning of the year	\$4,619,125	\$ 1,930	\$372,549	\$4,993,604	\$4,661,991
Excess of revenue (expenses) for the year ...	-	(838)	85,300	84,462	50,413
Purchase of equipment	-	-	-	-	-
Ecologically valuable land donated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,200</u>
Balance at end of the year	<u>\$4,619,125</u>	<u>\$ 1,092</u>	<u>\$457,849</u>	<u>\$5,078,066</u>	<u>\$4,993,604</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
UNRESTRICTED REVENUE:		
Grants - Edmonton Community Foundation	\$196,518	\$185,752
Donations - Edmonton Community Foundation	33,883	35,855
- Other	44,172	22,066
Fundraising, interest and other	<u>22,807</u>	<u>25,381</u>
Total unrestricted revenue	<u>297,380</u>	<u>269,054</u>
RESTRICTED REVENUE:		
Grants - Alberta Conservation Association	2,349	1,301
- Alberta Ecotrust Foundation	6,000	-
- Epcor Community Essentials	3,296	-
- Government of Canada	6,002	-
- Government of Alberta	26,938	68,987
- Mountain Equipment Co-op	18,728	3,493
- TD Friends of the Environment	29,559	1,905
- Norcross Wildlife Foundation	5,370	-
- Other	4,000	2,177
Amortization of deferred capital contributions (Note 5)	<u>4,888</u>	<u>3,969</u>
Total restricted revenue	<u>107,130</u>	<u>81,832</u>
Total revenue	<u>404,510</u>	<u>350,886</u>
EXPENSES:		
Advertising and promotion	13,962	8,673
Appraisal fees and surveying	13,410	12,318
Amortization	5,726	5,154
Board meetings	2,009	1,382
Communication	4,135	2,461
Endowment contribution	-	42,180
Fundraising	4,550	5,400
Goods and services tax	1,625	1,554
Insurance	1,293	3,586
Interest and bank charges	336	426
Office	16,573	4,200
Professional fees	12,103	11,744
Property taxes	734	705
Salaries and benefits	233,624	194,402
Travel	<u>9,968</u>	<u>6,288</u>
Total expenses	<u>320,048</u>	<u>300,473</u>
EXCESS OF REVENUE FOR THE YEAR	<u>\$ 84,462</u>	<u>\$ 50,413</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of revenue for the year	\$ 84,462	\$ 50,413
Item not involving cash for operations - amortization.....	<u>5,726</u>	<u>5,154</u>
	90,188	55,567
Increase (decrease) in non-cash working capital balances related to operations:		
Accounts receivable.....	(726)	2,865
Prepaid expenses	12	2,026
Accounts payable and accrued liabilities	153	(697)
Deferred revenue.....	1,733,054	(62,394)
Deferred capital contributions	<u>(13,532)</u>	<u>18,834</u>
Net cash from operating activities.....	1,809,149	16,201
INVESTING ACTIVITY - purchase of equipment.....	<u>-</u>	<u>(17,509)</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	1,809,149	(1,308)
CASH AT BEGINNING OF THE YEAR	<u>394,964</u>	<u>396,272</u>
CASH AT END OF THE YEAR.....	<u>\$2,204,113</u>	<u>\$394,964</u>
CASH REPRESENTED BY:		
Cash	\$ 90,451	\$ 88,250
Term deposits.....	<u>2,113,662</u>	<u>306,714</u>
	<u>\$2,204,113</u>	<u>\$394,964</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. PURPOSE OF THE TRUST:

The Edmonton and Area Land Trust was incorporated on March 13, 2007 as a non-profit organization under the Alberta Companies Act.

The Edmonton and Area Land Trust is established for the charitable purposes of conserving and protecting Canada's environmental heritage by undertaking activities that conserve the natural ecosystems and cultural heritage landscapes in the lands comprising the City of Edmonton and the several counties that surround the City which activities shall focus on maintaining the bio-diversity and ecological integrity of those lands for the public benefit.

The Edmonton and Area Land Trust is exempt from income taxes under the Income Tax Act as a registered charitable organization.

2. ACCOUNTING POLICIES:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Revenue recognition:

The Trust follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Amounts received from grants and donations which must be expended for specific purposes are recognized as revenue to the extent of the related expenses incurred. Unexpended funds are deferred to subsequent years and are either expended or refunded at that time.

Donated services:

The work of the Trust is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Trust and because of the difficulty of determining their fair value donated services are not recognized in these financial statements.

Term deposits:

Term deposits bear interest at rates of 0.5% to 1.55% per annum. Term deposits are stated at cost. Term deposits in the amount of \$1,752,062 have been designated to fund potential future costs of stewarding ecologically valuable land.

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. ACCOUNTING POLICIES (continued):

Ecologically valuable land:

Ecologically valuable land that has been donated is stated at fair market value at the time of the donation. Ecologically valuable land that has been purchased is stated at cost. Ecologically valuable land cannot be sold.

Equipment:

Equipment is stated at cost. Amortization is provided using the declining-balance method at the following annual rates:

Computer.....	55%
Fencing.....	20%
Furniture and equipment.....	20%
Website.....	7%

Financial instruments:

The Land Trust initially measures its financial assets and liabilities at fair value.

The Land Trust subsequently measures all its financial assets and financial liabilities at amortized cost.

The Land Trust's financial instruments measured at amortized cost consists of cash, term deposits, accounts receivable and accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue for the year. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount of impairment recognized previously. The amount of the reversal is recognized in excess of revenue for the year.

Cash and cash equivalents:

Cash and cash equivalents consist of balances with banks and short-term investments that can be converted readily to cash.

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. ACCOUNTING POLICIES (continued):

Use of estimates:

The preparation of financial statements in conformity 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed annually and adjustments are made to excess of revenue for the year as appropriate in the year they become known.

3. EQUIPMENT:

The major categories of equipment and related accumulated amortization are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2015</u>	<u>2014</u>
Computer	\$ 6,563	\$ 5,934	\$ 629	\$ 1,397
Fencing	28,958	11,335	17,623	22,028
Furniture and equipment	978	515	463	579
Website	<u>10,000</u>	<u>4,193</u>	<u>5,807</u>	<u>6,244</u>
Total	<u>\$46,499</u>	<u>\$21,977</u>	<u>\$24,522</u>	<u>\$30,248</u>

4. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2015</u>	<u>2014</u>
Alberta Conservation Association	\$ -	\$1,499
Edmonton Community Foundation	1,500,000	-
Government of Alberta	225,647	524
Sika Foundation	15,250	-
TD Friends of the Environment	<u>-</u>	<u>5,820</u>
	<u>\$1,740,897</u>	<u>\$7,843</u>

5. DEFERRED CAPITAL CONTRIBUTIONS:

Deferred capital contributions represent externally restricted contributions which have been utilized to purchase or develop tangible capital assets. The deferred capital contributions are recognized as revenue on the same basis as related tangible capital assets are being amortized.

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. EXTERNALLY RESTRICTED INVESTMENTS:

The Edmonton and Area Land Trust is to be supported by income from endowment funds held by the Edmonton Community Foundation. The establishment of the endowment funds provides for the Edmonton Community Foundation to invest and administer the funds contributed on behalf of the Edmonton and Area Land Trust. The Edmonton and Area Land Trust may receive payment annually of the net income from the endowment fund to support its mission. The Edmonton Community Foundation holds three endowment funds as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Conservation Fund</u>
Balance at December 31, 2014.....	\$3,524,911	\$26,547	\$138,050
Endowment fund donations.....	5,850	-	100
Investment gains.....	308,486	2,344	12,077
Grants provided.....	(140,996)	-	(5,522)
Fund expenses.....	<u>(25,244)</u>	<u>(195)</u>	<u>(989)</u>
Balance at December 31, 2015.....	<u>\$3,673,007</u>	<u>\$28,696</u>	<u>\$143,716</u>

7. FINANCIAL INSTRUMENTS:

The Land Trust is exposed to risk on certain financial instruments as follows:

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. Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. The Land Trust 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 Land Trust is exposed to interest rate risk on term deposits. The fixed-rate instruments subject the Land Trust to a fair value risk.