

EDMONTON AND AREA LAND TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
AND
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton and Area Land Trust:

Qualified Opinion

We have audited the financial statements of **Edmonton and Area Land Trust** (the Entity), which consist of the statement of financial position at December 31, 2018, and statements of changes in net assets, operations and of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations and fundraising, 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 Entity and we were not able to determine whether any adjustments might be necessary to member services, donations, fundraising revenue, excess of expenses for the year and net assets.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

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

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

Auditor's Responsibilities for the Audit of the 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 Entity'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 audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
June 14, 2019

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

EDMONTON AND AREA LAND TRUST
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 108,921	\$ 54,751
Term deposits	392,465	749,345
Goods and services tax recoverable	3,527	1,668
Prepaid expenses	<u>1,274</u>	<u>1,221</u>
Total current assets	506,187	806,985
ECOLOGICALLY VALUABLE LAND	6,686,025	6,448,925
EQUIPMENT (Note 3)	<u>9,024</u>	<u>12,029</u>
TOTAL	<u>\$7,201,236</u>	<u>\$7,267,939</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 12,859	\$ 5,463
Deferred revenue (Note 4)	<u>75,154</u>	<u>322,264</u>
Total current liabilities	<u>88,013</u>	<u>327,727</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	<u>9,024</u>	<u>11,279</u>
NET ASSETS:		
Invested in ecologically valuable land	6,686,025	6,448,925
Invested in equipment	-	750
Unrestricted	<u>418,174</u>	<u>479,258</u>
Total net assets	<u>7,104,199</u>	<u>6,928,933</u>
TOTAL	<u>\$7,201,236</u>	<u>\$7,267,939</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, 2018

	Invested in Ecologically Valuable Land	Invested in Equipment	Unrestricted	2018 Total	2017 Total
Balance at beginning of the year	\$6,448,925	\$ 750	\$479,258	\$6,928,933	\$6,793,557
Excess of expenses for the year	-	(1,930)	(59,904)	(61,834)	(27,424)
Purchase of equipment	-	1,180	(1,180)	-	-
Ecologically valuable land donated	<u>237,100</u>	<u>-</u>	<u>-</u>	<u>237,100</u>	<u>162,800</u>
Balance at end of the year	<u>\$6,686,025</u>	<u>\$ -</u>	<u>\$418,174</u>	<u>\$7,104,199</u>	<u>\$6,928,933</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
UNRESTRICTED REVENUE:		
Grants - Edmonton Community Foundation	\$ 35,304	\$197,910
Donations - Edmonton Community Foundation	79,211	30,142
- Other	97,151	28,518
Fundraising, interest and other	<u>11,309</u>	<u>11,500</u>
Total unrestricted revenue	<u>222,975</u>	<u>268,070</u>
RESTRICTED REVENUE:		
Grants - Canada Green Corps - UNAC	13,084	-
- Commission for Environmental Cooperation	-	10,369
- ECO Canada	25,000	-
- Edmonton Community Foundation	14,849	6,068
- Government of Canada	90,637	28,356
- Government of Alberta	116,675	253,024
- Norcross Wildlife Foundation	-	203
- Sitka Foundation	-	5,345
- TD Friends of the Environment	23,721	8,659
- Telus	4,887	2,540
- Other	800	-
Amortization of deferred capital contributions (Note 5)	<u>2,255</u>	<u>8,221</u>
Total restricted revenue	<u>291,908</u>	<u>322,785</u>
Total revenue	<u>514,883</u>	<u>590,855</u>
EXPENSES:		
Accounting	4,430	4,632
Advertising and promotion	21,015	4,594
Appraisal fees and surveying	1,904	12,557
Amortization	4,185	8,850
Board meetings	3,924	2,660
Communication	5,604	4,015
Computer	8,170	3,443
Donations - Edmonton Community Foundation Endowment	57,503	254,111
Goods and services tax	3,537	1,668
Insurance	1,438	1,233
Interest and bank charges	176	108
Office	15,158	9,594
Professional fees	13,695	11,766
Property taxes	882	814
Rent	9,147	1,956
Repairs and maintenance	66,161	13,966
Salaries and benefits	341,259	268,374
Travel	<u>18,529</u>	<u>13,938</u>
Total expenses	<u>576,717</u>	<u>618,279</u>
EXCESS OF EXPENSES FOR THE YEAR	\$ (61,834)	\$ (27,424)

EDMONTON AND AREA LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of expenses for the year.....	\$ (61,834)	\$ (27,424)
Item not involving cash for operations - amortization.....	<u>4,185</u>	<u>8,850</u>
	(57,649)	(18,574)
Increase (decrease) in non-cash working capital balances related to operations:		
Accounts receivable	(1,859)	452
Prepaid expenses.....	(53)	(10)
Accounts payable and accrued liabilities	7,396	(3,913)
Deferred revenue.....	(247,110)	65,642
Deferred capital contributions	<u>(2,255)</u>	<u>(8,221)</u>
Net cash (used in) from operating activities	<u>(301,530)</u>	<u>35,376</u>
INVESTING ACTIVITY - purchase of equipment.....	<u>(1,180)</u>	<u>-</u>
(DECREASE) INCREASE IN CASH FOR THE YEAR	(302,710)	35,376
CASH AT BEGINNING OF THE YEAR.....	<u>804,096</u>	<u>768,720</u>
CASH AT END OF THE YEAR.....	<u>\$ 501,386</u>	<u>\$804,096</u>
CASH REPRESENTED BY:		
Cash	\$ 108,921	\$ 54,751
Term deposits.....	<u>392,465</u>	<u>749,345</u>
	<u>\$ 501,386</u>	<u>\$804,096</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 are stated at cost. Term deposits in the amount of \$64,411 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, 2018

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%

Financial instruments:

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

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

The Trust's financial instruments measured at amortized cost consists of cash, term deposits 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, 2018

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>2018</u>	<u>2017</u>
Computer	\$ 8,744	\$ 8,744	\$ -	\$ 454
Fencing	28,958	19,934	9,024	11,279
Furniture and equipment	<u>978</u>	<u>978</u>	<u>-</u>	<u>296</u>
Total.....	<u>\$38,680</u>	<u>\$29,656</u>	<u>\$9,024</u>	<u>\$12,029</u>

4. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2018</u>	<u>2017</u>
Edmonton Community Foundation	\$ 542	\$ 15,392
Government of Alberta	74,612	191,288
Government of Canada	-	86,977
TD Friends of the Environment	-	23,720
Telus	<u>-</u>	<u>4,887</u>
	<u>\$75,154</u>	<u>\$322,264</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. DEFERRED CAPITAL CONTRIBUTIONS:

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

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 balance as at December 31, 2018 of these funds was \$5,053,925. 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 funds to support its mission.

7. LEASE COMMITMENT:

The Trust is committed to the rental of business premises under a lease agreement which expires February 2024. The agreement requires annual payments as follows:

2020	\$26,032
2021	26,168
2022	27,659
2023	27,727
2024	26,100

The Trust must also pay its proportionate share of common area costs.

8. FINANCIAL INSTRUMENTS:

The 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 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 Trust is exposed to interest rate risk on term deposits. The fixed-rate instruments subject the Trust to a fair value risk.