

December 15, 2019

Edmonton and Area Land Trust
101, 10471 178 Street
Edmonton, AB T5S 1R5

Dear Board of Directors:

Re: 2019 Annual Audit of Edmonton and Area Land Trust

We have been engaged to provide the following services for Edmonton and Area Land Trust for the year ending December 31, 2019:

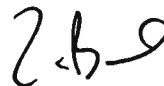
1. Audit the statement of financial position and the statements of operations and changes in net assets and cash flows.
2. Preparation of financial statements.
3. Preparation of T3010 Registered Charity Information Return

As required under Canadian generally accepted auditing standards, we enclose the following report relating to our audit of the financial statements of Edmonton and Area Land Trust.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement and is not designed for the purpose of identifying matters to communicate. Accordingly, our audit would not usually identify all such matters that may be of interest to the Board of Directors in discharging its responsibilities and it is inappropriate to conclude that no such matters exist.

The matters identified are included in this report, which has been prepared solely for the information of the Board of Directors and is not intended for any other purpose. As such, we accept no responsibility to a third party who uses this report. Our report is intended to assist the Board of Directors in fulfilling their obligation with respect to the 2019 financial statements. We would be pleased to further discuss any of the issues addressed in the report, which may be of interest or concern to the Board of Directors.

Yours very truly,
YAREMCHUK & ANNICCHIARICO LLP



Chris Bawol CPA, CA

Enclosure

Auditor's Communication to Board of Directors

A. Management and Auditors' Responsibility Under Canadian Generally Accepted Auditing Standards

Management is responsible for the preparation of the financial statements (which includes the accompanying notes). We will advise management about appropriate accounting principles and their application and assist in the preparation of the financial statements, but the responsibility for the financial statements remains with management. This includes responsibilities related to internal control, such as designing and maintaining accounting records, selecting and applying accounting policies, safeguarding assets and preventing and detecting fraud and error.

Our responsibility as auditors is to report to the Board of Directors whether these financial statements present fairly the financial position and results of operations in accordance with Canadian accounting standards for not-for-profit organizations. This audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatements. To meet this obligation and, in accordance with Canadian generally accepting auditing standards, we will obtain a sufficient understanding of internal control to plan the audit. If control risk is assessed below maximum, sufficient appropriate audit evidence will be obtained through tests of controls to support the assessment, but the scope of our review of internal controls will be insufficient to express an opinion as the effectiveness or efficiency of the entity's controls.

Our audit includes:

- 1) Assessment of risk that the financial statements may contain material misstatements.
- 2) Examination based upon a selective testing of data, of evidence supporting the amounts and disclosures in the financial statements.
- 3) Assessing the accounting principles used by management and their application.
- 4) Assessing significant estimates made by management.

B. Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit is to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

1. Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on areas that have a higher risk of being materially misstated.

Based on our knowledge of the organization's business and our past experience, we have identified the following areas that have a potentially higher risk of a material misstatement.

- Deferred revenue, grant and donation revenue
- Expenses

2. Materiality

Materiality in an audit is used to:

- Guide planning decisions on the nature and extent of our audit procedures;
- Assess the sufficiency of the audit evidence gathered; and
- Evaluate any misstatements found during our audit.

We plan to use a materiality of \$10,000. The materiality for last year's audit was \$10,000.

3. Audit procedures

In responding to our risk assessment, we will use a combination of tests of controls, tests of details and substantive analytical procedures. The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

4. Timing

We have planned the timing of the audit engagement as follows:

May 2020 - Completion of field work
Early - June 2020 - Issue of draft statements
Early - June 2020 - Issue final financial statements

C. Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, are limited to those considered necessary in the circumstances and would not necessarily disclose all illegal acts, fraud, intentional misstatements or errors should any exist. We will conduct the audit under Canadian generally accepted auditing standards (GAAS), which include procedures to consider (based on the control environment, governance structure and circumstances encountered during the audit), the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor would they necessarily detect such acts or recognize them as such, even if the effect of their consequences on the financial statements is material. However, should we become aware that an illegal or possible illegal act or an act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate this information directly to the board of directors.

It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or audit committee members become aware of circumstances under which the Trust may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

D. Major Issues Discussed With Management That Influence Audit Appointment

No major issues were discussed with management prior to our appointment as auditors.

E. Emerging Issues

There are no emerging accounting or auditing issues that are expected to significantly affect the financial statements.

EDMONTON AND AREA LAND TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
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, 2019, 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, 2019, 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.

Emphasis of Matter

We draw attention to Note 9 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year end and its effect on the global economy. Our opinion is not modified in respect of this matter.

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 10, 2020

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants

EDMONTON AND AREA LAND TRUST
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019


<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash	\$ 48,736	\$ 108,921
Term deposits and accrued interest	492,164	392,465
Accounts receivable	11,403	3,527
Prepaid expenses	<u>1,830</u>	<u>1,274</u>
Total current assets	554,133	506,187
CONSERVATION EASEMENT	3,003,000	-
ECOLOGICALLY VALUABLE LAND	6,686,025	6,686,025
EQUIPMENT (Note 3)	<u>40,261</u>	<u>9,024</u>
TOTAL	<u>\$10,283,419</u>	<u>\$7,201,236</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 11,945	\$ 12,859
Deferred revenue (Note 4)	<u>111,616</u>	<u>75,154</u>
Total current liabilities	<u>123,561</u>	<u>88,013</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	<u>34,759</u>	<u>9,024</u>
NET ASSETS:		
Invested in conservation easement and ecologically valuable land	9,689,025	6,686,025
Invested in equipment	5,502	-
Unrestricted	<u>430,572</u>	<u>418,174</u>
Total net assets	<u>10,125,099</u>	<u>7,104,199</u>
TOTAL	<u>\$10,283,419</u>	<u>\$7,201,236</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, 2019

	Invested in Conservation Easement and Ecologically Valuable Land	Invested in Equipment	Unrestricted	2019 Total	2018 Total
Balance at beginning of the year	\$6,686,025	\$ -	\$418,174	\$ 7,104,199	\$6,928,933
Excess of expenses for the year	-	(1,356)	19,256	17,900	(61,834)
Capital contribution received	-	(32,400)	32,400	-	-
Purchase of equipment	-	39,258	(39,258)	-	-
Conservation easement donated	3,003,000	-	-	3,003,000	-
Ecologically valuable land donated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,100</u>
Balance at end of the year	<u>\$9,689,025</u>	<u>\$ 5,502</u>	<u>\$430,572</u>	<u>\$10,125,099</u>	<u>\$7,104,199</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
UNRESTRICTED REVENUE:		
Grants - Edmonton Community Foundation	\$224,499	\$ 35,304
Donations - Edmonton Community Foundation	73,000	79,211
- Other	101,889	94,579
Fundraising and other	10,734	5,904
Interest	<u>12,093</u>	<u>7,977</u>
Total unrestricted revenue	<u>422,215</u>	<u>222,975</u>
RESTRICTED REVENUE:		
Grants - Alberta Conservative Association	5,100	-
- Canada Green Corps - UNAC	10,520	13,084
- DOW International	2,500	-
- ECO Canada	15,000	25,000
- Edmonton Community Foundation	543	14,849
- Government of Canada	4,042	90,637
- Government of Alberta	161,600	116,675
- TD Friends of the Environment	10,933	23,721
- Telus	-	4,887
- Other	-	800
Amortization of deferred capital contributions (Note 5)	<u>6,665</u>	<u>2,255</u>
Total restricted revenue	<u>216,903</u>	<u>291,908</u>
Total revenue	<u>639,118</u>	<u>514,883</u>
EXPENSES:		
Accounting	5,910	4,430
Advertising and promotion	7,192	21,015
Appraisal fees and surveying	12,535	1,904
Amortization	8,021	4,185
Board meetings	2,621	3,924
Communication	6,255	5,604
Computer	6,157	8,170
Consulting	115,658	-
Donations - Edmonton Community Foundation Endowment	-	57,503
Goods and services tax	6,647	3,537
Insurance	3,439	1,438
Interest and bank charges	902	176
Office	25,984	14,344
Printing	13,221	814
Professional fees	23,301	13,695
Property taxes	1,032	882
Rent	18,456	9,147
Repairs and maintenance	14,302	66,161
Salaries and benefits	340,683	341,259
Travel	<u>8,902</u>	<u>18,529</u>
Total expenses	<u>621,218</u>	<u>576,717</u>
EXCESS OF REVENUE (EXPENSES) FOR THE YEAR	<u>\$ 17,900</u>	<u>\$ (61,834)</u>

EDMONTON AND AREA LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES:		
Cash from operations:		
Excess of revenue (expenses) for the year	\$ 17,900	\$ (61,834)
Item not involving cash for operations - amortization.....	<u>8,021</u>	<u>4,185</u>
	25,921	(57,649)
Increase (decrease) in non-cash working capital balances related to operations:		
Accounts receivable	(7,876)	(1,859)
Prepaid expenses.....	(556)	(53)
Accounts payable and accrued liabilities	(914)	7,396
Deferred revenue.....	36,462	(247,110)
Deferred capital contributions.....	<u>25,735</u>	<u>(2,255)</u>
Net cash from (used in) operating activities.....	78,772	(301,530)
INVESTING ACTIVITY - purchase of equipment.....	<u>(39,258)</u>	<u>(1,180)</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	39,514	(302,710)
CASH AT BEGINNING OF THE YEAR	<u>501,386</u>	<u>804,096</u>
CASH AT END OF THE YEAR.....	<u>\$540,900</u>	<u>\$ 501,386</u>
CASH REPRESENTED BY:		
Cash	\$ 48,736	\$ 108,921
Term deposits and accrued interest	<u>492,164</u>	<u>392,465</u>
	<u>\$540,900</u>	<u>\$ 501,386</u>

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 and accrued interest:

Term deposits are stated at cost plus accrued interest. Term deposits in the amount of \$196,725 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, 2019

2. ACCOUNTING POLICIES (continued):

Conservation easement:

Conservation easement that has been donated is stated at fair market value at the time of donation.

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 at the following annual rates:

Automotive	30% straight line
Computer.....	30% straight line
Fencing.....	20% declining balance
Furniture and equipment	20% straight line

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 accrued interest, 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, 2019

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>2019</u>	<u>2018</u>
Automotive	\$32,273	\$ 4,841	\$27,432	\$ -
Computer	12,610	9,807	2,803	-
Fencing	28,958	21,739	7,219	9,024
Furniture and equipment	<u>4,097</u>	<u>1,290</u>	<u>2,807</u>	<u>-</u>
Total.....	<u>\$77,938</u>	<u>\$37,677</u>	<u>\$40,261</u>	<u>\$9,024</u>

4. DEFERRED REVENUE:

Deferred revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Edmonton Community Foundation	\$ -	\$ 542
Government of Alberta	<u>111,616</u>	<u>74,612</u>
	<u>\$111,616</u>	<u>\$75,154</u>

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.

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019 of these funds was \$5,520,949. 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:

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.

Liquidity risk:

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

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

9. SUBSEQUENT EVENT:

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Edmonton and Area land Trust and its operations in the future periods.