

EDMONTON AND AREA LAND TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
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, 2021, 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, 2021, 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.

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
April 22, 2022

Yaremchuk & Annicchiarico LLP
Chartered Professional Accountants


EDMONTON AND AREA LAND TRUST
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021


| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash..... | \$ 104,366 | \$ 58,320 |
| Term deposits and accrued interest | 953,304 | 970,383 |
| Accounts receivable | 10,785 | 14,896 |
| Prepaid expenses..... | <u>3,411</u> | <u>2,821</u> |
| Total current assets | 1,071,866 | 1,046,420 |
| CONSERVATION EASEMENTS..... | 4,456,332 | 4,456,332 |
| ECOLOGICALLY VALUABLE LAND..... | 6,942,025 | 6,942,025 |
| EQUIPMENT (Note 3)..... | <u>13,311</u> | <u>27,352</u> |
| TOTAL..... | <u>\$12,483,534</u> | <u>\$12,472,129</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities..... | \$ 22,257 | \$ 37,183 |
| Deferred revenue (Note 4) | <u>637,950</u> | <u>720,661</u> |
| Total current liabilities..... | <u>660,207</u> | <u>757,844</u> |
| DEFERRED CAPITAL CONTRIBUTIONS (Note 5) | <u>12,795</u> | <u>25,053</u> |
| NET ASSETS: | | |
| Invested in conservation easements and ecologically valuable land | 11,398,357 | 11,398,357 |
| Invested in equipment | 516 | 2,299 |
| Unrestricted..... | <u>411,659</u> | <u>288,576</u> |
| Total net assets | <u>11,810,532</u> | <u>11,689,232</u> |
| TOTAL..... | <u>\$12,483,534</u> | <u>\$12,472,129</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, 2021

| | Invested in Conservation Easement and Ecologically Valuable Land | Invested in Equipment | Unrestricted | 2021 Total | 2020 Total |
|---|--|--------------------------|------------------|----------------------------|---------------------|
| Balance at beginning of the year | \$11,398,357 | \$ 2,299 | \$288,576 | \$11,689,232 | \$11,485,099 |
| Excess of revenue (expenses) for the year ... | - | (1,783) | 123,083 | 121,300 | (119,104) |
| Repayment of prior year Government of Alberta grant surplus | - | - | - | - | (26,095) |
| Conservation easement donated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>349,332</u> |
| Balance at end of the year | <u>\$11,398,357</u> | <u>\$ 516</u> | <u>\$411,659</u> | <u>\$11,810,532</u> | <u>\$11,689,232</u> |

EDMONTON AND AREA LAND TRUST

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------|--------------------|
| UNRESTRICTED REVENUE: | | |
| Grants - Edmonton Community Foundation: | | |
| - Endowment funds | \$220,698 | \$ 213,443 |
| - Other | 52,500 | 39,000 |
| Donations | 48,440 | 49,312 |
| Interest | 2,376 | 4,654 |
| Other | 6,711 | <u>5,496</u> |
| Total unrestricted revenue | <u>330,725</u> | <u>311,905</u> |
| RESTRICTED REVENUE: | | |
| Grants - Alberta Conservation Association | 7,025 | - |
| - Alberta Eco Trust | 7,412 | - |
| - Alberta Fish and Game Association | 4,633 | - |
| - Alberta Invasive Species Council | 13,800 | - |
| - Canada Green Corps - UNAC | - | 4,574 |
| - ECO Canada | - | 18,464 |
| - Edmonton Community Foundation | 127,805 | 94,520 |
| - Gosling Foundation | - | 10,000 |
| - Government of Alberta | 118,983 | 14,805 |
| - One Tree Planted | 1,845 | - |
| - Shell Canada | - | 4,900 |
| - TD Friends of the Environment | 35,317 | 28,625 |
| - Venture for Canada Fellowship | 2,388 | - |
| - Other | 100 | 150 |
| Amortization of deferred capital contributions (Note 5) | <u>12,257</u> | <u>9,706</u> |
| Total restricted revenue | <u>331,565</u> | <u>185,744</u> |
| Total revenue | <u>662,290</u> | <u>497,649</u> |
| EXPENSES: | | |
| Accounting | 11,925 | 9,637 |
| Advertising and promotion | 2,359 | 1,370 |
| Amortization | 14,040 | 12,909 |
| Appraisal fees and surveying | 7,750 | 4,800 |
| Computer | 8,333 | 6,829 |
| Endowment contributions - Edmonton Community Foundation | 41,800 | 103,925 |
| Goods and services tax | 3,469 | 3,392 |
| Insurance | 4,514 | 4,493 |
| Interest and bank charges | 679 | 1,918 |
| Office | 9,796 | 10,710 |
| Professional fees | 17,895 | 14,086 |
| Property taxes | 1,408 | 1,175 |
| Rent | 27,388 | 26,032 |
| Repairs and maintenance | 59,404 | 70,341 |
| Salaries and benefits | 317,295 | 340,687 |
| Travel | <u>12,935</u> | <u>4,449</u> |
| Total expenses | <u>540,990</u> | <u>616,753</u> |
| EXCESS OF REVENUE (EXPENSES) FOR THE YEAR | <u>\$121,300</u> | <u>\$(119,104)</u> |

EDMONTON AND AREA LAND TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|---|---------------------------|---------------------------|
| OPERATING ACTIVITIES: | | |
| Cash from operations: | | |
| Excess of revenue (expenses) for the year | \$ 121,300 | \$ (119,104) |
| Item not involving cash for operations - amortization | <u>14,040</u> | <u>12,909</u> |
| | 135,340 | (106,195) |
| Increase (decrease) in non-cash working capital balances related to operations: | | |
| Accounts receivable | 4,111 | (3,493) |
| Prepaid expenses..... | (589) | (991) |
| Accounts payable and accrued liabilities..... | (14,926) | 25,238 |
| Deferred revenue | (82,711) | 609,045 |
| Deferred capital contributions..... | <u>(12,258)</u> | <u>(9,706)</u> |
| Net cash from operating activities | 28,967 | 513,898 |
| FINANCING ACTIVITY - Government of Alberta grant surplus repaid..... | | |
| | <u>-</u> | <u>(26,095)</u> |
| INCREASE IN CASH FOR THE YEAR | 28,967 | 487,803 |
| CASH AT BEGINNING OF THE YEAR..... | <u>1,028,703</u> | <u>540,900</u> |
| CASH AT END OF THE YEAR | <u>\$1,057,670</u> | <u>\$1,028,703</u> |
| CASH REPRESENTED BY: | | |
| Cash..... | \$ 104,366 | \$ 58,320 |
| Term deposits and accrued interest | <u>953,304</u> | <u>970,383</u> |
| | <u>\$1,057,670</u> | <u>\$1,028,703</u> |

EDMONTON AND AREA LAND TRUST
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$677,616 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, 2021

2. ACCOUNTING POLICIES (continued):

Conservation easements:

Conservation easements that have been donated are 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, 2021

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>2021</u> | <u>2020</u> |
| Automotive | \$32,273 | \$25,625 | \$ 6,648 | \$17,750 |
| Computer | 12,610 | 12,126 | 484 | 1,644 |
| Fencing | 28,958 | 24,338 | 4,620 | 5,775 |
| Furniture and equipment..... | <u>4,097</u> | <u>2,538</u> | <u>1,559</u> | <u>2,183</u> |
| Total | <u>\$77,938</u> | <u>\$64,627</u> | <u>\$13,311</u> | <u>\$27,352</u> |

4. DEFERRED REVENUE:

Deferred revenue consists of the following:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|------------------|------------------|
| Alberta Ecotrust | \$ 6,000 | \$ 5,930 |
| Edmonton Community Foundation..... | 81,175 | 41,580 |
| Government of Alberta..... | 542,934 | 658,976 |
| TD Friends of the Environment | <u>7,841</u> | <u>14,175</u> |
| | <u>\$637,950</u> | <u>\$720,661</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, 2021

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, 2021 of these funds was \$6,815,883. 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:

| | |
|-----------|----------|
| 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.