

ALBERTA EMERALD FOUNDATION
Financial Statements
Year Ended June 30, 2015

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Year Ended June 30, 2015

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October 21, 2015

INDEPENDENT AUDITOR'S REPORT

Edmonton, Alberta

To the Members of Alberta Emerald Foundation

We have audited the accompanying financial statements of Alberta Emerald Foundation, which comprise the statement of financial position as at June 30, 2015 and the statements of revenues and expenditures, changes in net assets and cash flow 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Alberta Emerald Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Alberta Emerald Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to contributions and donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2015, current assets and net assets as at June 30, 2015.

Qualified Opinion

In our opinion, except for the possible 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 Alberta Emerald Foundation as at June 30, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Kingston Ross Pasnak LLP

Chartered Professional Accountants

ALBERTA EMERALD FOUNDATION
Statement of Financial Position
June 30, 2015

	2015	2014 <i>Restated - Note 3</i>
ASSETS		
CURRENT		
Cash	\$ 286,977	\$ 386,022
Short-term investments <i>(Note 4)</i>	205,590	204,438
Contributions and other amounts receivable	70,000	50,000
Goods and Service Tax receivable	7,898	39,487
Prepaid expenses	1,493	1,477
	571,958	681,424
INVESTMENTS <i>(Note 5)</i>	638,726	598,191
	\$ 1,210,684	\$ 1,279,615
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 67,202	\$ 29,516
Deferred contributions <i>(Note 6)</i>	50,000	110,000
	117,202	139,516
LONG-TERM DEFERRED CONTRIBUTIONS <i>(Note 7)</i>	450,000	450,000
	567,202	589,516
NET ASSETS		
Unrestricted	643,482	690,099
	\$ 1,210,684	\$ 1,279,615

ON BEHALF OF THE BOARD

_____ *Chair*

_____ *Treasurer*

ALBERTA EMERALD FOUNDATION
Statement of Changes in Net Assets
Year Ended June 30, 2015

	2015	2014
		<i>Restated - Note 3</i>
NET ASSETS - BEGINNING OF YEAR AS PREVIOUSLY STATED	\$ 690,099	\$ 432,853
Prior period adjustment (<i>Note 3</i>)	-	31,661
Restated balance	690,099	464,514
(Deficiency) excess of revenue over expenses	(46,617)	225,585
NET ASSETS - END OF YEAR	\$ 643,482	\$ 690,099

ALBERTA EMERALD FOUNDATION
Statement of Revenues and Expenditures
For the Year Ended June 30, 2015

	2015	2014 <i>Restated - Note 3</i>
REVENUE		
Contributions and donations	\$ 495,387	\$ 636,928
Investment income	41,203	37,044
Donated services	10,917	303,420
	547,507	977,392
EXPENSES		
Advertising	173,463	440,925
Wages and director contract	123,895	136,075
Facility rental	85,174	96,394
Production and design	76,391	54,668
Nominations and selections	33,422	30,645
Sub-contracts	31,483	4,700
Disbursements	30,827	15,974
Food and beverage	22,151	13,597
Professional fees	16,197	16,950
Investment fees	9,355	8,251
Memberships	1,605	671
	603,963	818,850
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	(56,456)	158,542
OTHER INCOME		
Unrealized gain on investments	9,839	67,043
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (46,617)	\$ 225,585

ALBERTA EMERALD FOUNDATION
Statement of Cash Flow
Year Ended June 30, 2015

	2015	2014 <i>Restated - Note 3</i>
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (46,617)	\$ 225,585
Item not affecting cash:		
Unrealized gain on investments	(9,839)	(67,043)
	(56,456)	158,542
Changes in non-cash working capital:		
Contributions and other amounts receivable	(20,000)	(50,000)
Prepaid expenses	(16)	5,307
Accounts payable and accrued liabilities	37,686	3,271
Deferred contributions	(60,000)	110,000
Goods and Services Tax receivable	31,589	(7,826)
	(10,741)	60,752
Cash flow (used by) from operating activities	(67,197)	219,294
INVESTING ACTIVITY		
Net purchase of investments	(31,848)	(28,793)
(DECREASE) INCREASE IN CASH	(99,045)	190,501
CASH - BEGINNING OF YEAR	386,022	195,521
CASH - END OF YEAR	\$ 286,977	\$ 386,022

ALBERTA EMERALD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2015

1. PURPOSE OF ORGANIZATION

Alberta Emerald Foundation (the "Foundation") is a registered charity incorporated in the province of Alberta and is therefore exempt from taxation under the Income Tax Act (Canada). The Foundation's mission is to stimulate public awareness of environmental progress in Alberta by celebrating and promoting environmental excellence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Short-term investments

Short-term investments are comprised of a treasury bill savings account and guaranteed investment certificates. These investments are recorded at fair value. Fair value generally approximates cost given the short term maturity and high credit quality of the underlying investments.

Investments

Investments are recorded at fair value. Fair value is determined based on quoted market values for publicly traded equities and bonds. Changes in fair values from one period to the next are included in other income.

Revenue recognition

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

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donated services

Goods and services are donated to assist the Foundation in carrying out its various activities. These goods and services are those that the Foundation would have purchased in their normal course of operations. Included in the financial statements are the donated goods and services where fair value can be determined by management (see Note 7).

(continues)

ALBERTA EMERALD FOUNDATION
Notes to Financial Statements
Year Ended June 30, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Foundation subsequently measures its financial instruments at amortized cost.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The significant estimates pertain to collectability of receivables, the deferral of contributions and accrual of expenses. Actual results could differ from these estimates.

3. PRIOR PERIOD ADJUSTMENT

In the prior years, the Foundation had received incorrect information from the Canada Revenue Agency in regards to claims available for the Goods and Services Tax (GST). In the current year, further evidence was obtained by the Foundation, and GST Rebate claims that were available to the Foundation were filed. The GST Rebates should have been recorded as a direct increase to revenues over expenditures. The net impact of these adjustments are an increase to 2014 opening net assets of \$31,661, an increase to 2014 amounts receivable of \$39,487 and an increase to 2014 excess of revenue over expenditures of \$7,826.

4. SHORT-TERM INVESTMENTS

	2015	2014
T-Bill saving account (bearing interest at 0.60% for account balance up to \$500,000 and 1.05% thereafter)	\$ 200,537	\$ 199,438
Guaranteed Investment Certificate (bearing interest at 0.65%, Sept 2015 maturity)	5,053	-
Guaranteed Investment Certificate (matured during the year)	-	5,000
	\$ 205,590	\$ 204,438

ALBERTA EMERALD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2015

5. INVESTMENTS

The investments are maintained with The Calgary Foundation ("TCF"). The Foundation maintains fixed income investments, Canadian equities, US equities and international equities. The Foundation has access to capital and income earned from the investments at TCF when providing a specified period of notice dependant upon the amount reinvested. At year-end, the Foundation had not requested any funds to be withdrawn (2014 - \$nil).

6. DEFERRED CONTRIBUTIONS

Deferred contributions represents funds received from donors and sponsors for specific events. They are recognized as revenue as related expenditures are incurred.

	2015	2014
Deferred contributions, beginning of year	\$ 110,000	\$ -
Add: grants received and deferred in the year	-	110,000
Less: amount recognized as revenue in the year	(60,000)	-
	\$ 50,000	\$ 110,000

7. LONG TERM DEFERRED CONTRIBUTIONS

Long term deferred contributions are to be used to support the establishment and operation of the Centre for Environmental Excellence. The funds have been invested with third party fund managers. The Foundation can access the grant to a maximum of 5.0% of the grant per year, which will be added to operating funds used in support of the project. Any income earned on the funds is unrestricted.

8. DONATED SERVICES

Included in contributions and donations revenue is advertising with a fair value of \$4,437 (2014 - \$303,420) and rent with a fair value of \$6,480 (2014 - \$nil).

9. ENDOWMENT INVESTMENTS

The Foundation is the beneficiary of certain permanent endowments, separate from the amounts referred to in Note 4. These permanent endowments have been used to set up investment funds.

As the funds were permanently endowed to the Edmonton Community Foundation (the "ECF") and The Calgary Foundation, the Foundation does not have any right to the balance of the endowments. In accordance with agreements with the ECF and TCF, the Foundation is provided with grants from the ECF and TCF based on the net income and market value of the fund, which is to be distributed at the discretion of the ECF and TCF.

ALBERTA EMERALD FOUNDATION

Notes to Financial Statements

Year Ended June 30, 2015

10. RELATED PARTY TRANSACTIONS

Donations from companies related to the members of the Board of Governors comprise 26.0% (2014 - 23.2%) of the Foundation's total contributions and donations revenue for the year.

11. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of June 30, 2015. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors, and the maximum exposure to this risk is the carrying value of contributions and other receivables on the balance sheet. The Foundation is subject to concentration of credit risk as 100% of its contributions and other amounts receivable were due from two donors. Subsequent to year end, 100% of contributed and other amounts receivable were collected.

Market risk

Market risk is the risk that the fair value of the future cash flows of financial instruments will fluctuate due to changes in the Foundation's ability to obtain contributions. Market risk arises as a result of the Foundation's generation of donations and contributions. The Foundation has not entered into any financial instruments to hedge this risk.