

**ALBERTA EMERALD FOUNDATION**  
**Financial Statements**  
**Year Ended June 30, 2016**

**ALBERTA EMERALD FOUNDATION**  
**Index to Financial Statements**  
**Year Ended June 30, 2016**

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	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Revenues and Expenditures	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 9



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October 14, 2016  
Edmonton, Alberta

## INDEPENDENT AUDITOR'S REPORT

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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, 2016 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, 2016, current assets and net assets as at June 30, 2016.

### *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, 2016 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.

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Kingston Ross Pasnak LLP  
Chartered Professional Accountants

**ALBERTA EMERALD FOUNDATION**  
**Statement of Financial Position**  
**June 30, 2016**

	2016	2015
<b>ASSETS</b>		
CURRENT		
Cash	\$ 434,938	\$ 286,977
Short-term investments (Note 3)	206,136	205,590
Contributions and other amounts receivable	8,537	70,000
Goods and Service Tax receivable	6,333	7,898
Prepaid expenses	2,686	1,493
	<b>658,630</b>	571,958
EQUIPMENT (Note 4)	1,964	-
INVESTMENTS (Note 5)	655,775	638,726
	<b>\$ 1,316,369</b>	<b>\$ 1,210,684</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 220,791	\$ 67,202
Deferred contributions (Note 6)	25,000	50,000
	<b>245,791</b>	117,202
LONG-TERM DEFERRED CONTRIBUTIONS (Note 7)	450,000	450,000
	<b>695,791</b>	567,202
NET ASSETS		
Unrestricted	620,578	643,482
	<b>\$ 1,316,369</b>	<b>\$ 1,210,684</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
 Signed - "Andy Etmanski" Chair

\_\_\_\_\_  
 Signed - "Alex Simpson" Treasurer

**ALBERTA EMERALD FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended June 30, 2016**

	<b>2016</b>	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 643,482</b>	\$ 690,099
Deficiency of revenue over expenses	<b>(22,904)</b>	(46,617)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 620,578</b>	\$ 643,482

**ALBERTA EMERALD FOUNDATION**  
**Statement of Revenues and Expenditures**  
**For the Year Ended June 30, 2016**

	2016	2015
<b>REVENUE</b>		
Contributions and donations	\$ 521,033	\$ 495,387
Investment income	96,531	41,203
Donated services	70,657	10,917
	<b>688,221</b>	<b>547,507</b>
<b>EXPENSES</b>		
Advertising	182,562	173,463
Wages and director contract	165,913	123,895
Facility rental	87,089	85,174
Production and design	79,592	76,391
Nominations and selections	47,373	33,422
Food and beverage	17,249	22,151
Office and administration costs	17,186	30,827
Sub-contracts	16,102	31,483
Professional fees	15,456	16,197
Investment fees	9,595	9,355
Amortization	2,401	-
Memberships	1,266	1,605
	<b>641,784</b>	<b>603,963</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>46,437</b>	<b>(56,456)</b>
<b>OTHER (LOSS) INCOME</b>		
Unrealized (loss) gain on investments	(69,341)	9,839
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>\$ (22,904)</b>	<b>\$ (46,617)</b>

**ALBERTA EMERALD FOUNDATION**  
**Statement of Cash Flow**  
**Year Ended June 30, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (22,904)	\$ (46,617)
Items not affecting cash:		
Amortization of equipment	2,401	-
Unrealized loss (gain) on investments	69,341	(9,839)
	<b>48,838</b>	<b>(56,456)</b>
Changes in non-cash working capital:		
Contributions and other amounts receivable	61,463	(20,000)
Prepaid expenses	(1,193)	(16)
Accounts payable and accrued liabilities	153,588	37,686
Deferred contributions	(25,000)	(60,000)
Goods and Service Tax receivable	1,565	31,589
	<b>190,423</b>	<b>(10,741)</b>
Cash flow from (used by) operating activities	<b>239,261</b>	<b>(67,197)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(4,365)	-
Net purchase of investments	(86,935)	(31,848)
Cash flow used by investing activities	<b>(91,300)</b>	<b>(31,848)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>147,961</b>	<b>(99,045)</b>
CASH - BEGINNING OF YEAR	<b>286,977</b>	<b>386,022</b>
<b>CASH - END OF YEAR</b>	<b>\$ 434,938</b>	<b>\$ 286,977</b>

**ALBERTA EMERALD FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

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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 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.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rate and method:

Computer equipment	55%	declining balance method
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In the year of purchase, amortization on equipment is taken at one half of the normal amount.

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.

*(continues)*

**ALBERTA EMERALD FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

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

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).

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, useful life of capital assets, the deferral of contributions and accrual of expenses. Actual results could differ from these estimates.

3. SHORT-TERM INVESTMENTS

	<b>2016</b>	2015
T-Bill saving account (bearing interest at 0.10% for account balance up to \$100,000, 0.40% up to \$500,000 and 0.85% thereafter)	<b>\$ 206,136</b>	\$ 200,537
Guaranteed Investment Certificate (matured during the year)	-	5,053
	<b>\$ 206,136</b>	\$ 205,590

4. EQUIPMENT

	Cost	Accumulated amortization	<b>2016 Net book value</b>	2015 Net book value
Computer equipment	\$ 6,020	\$ 4,056	<b>\$ 1,964</b>	\$ -

**ALBERTA EMERALD FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended June 30, 2016**

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 (2015 - \$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.

	2016	2015
Deferred contributions, beginning of year	\$ 50,000	\$ 110,000
Less: amount recognized as revenue in the year	(25,000)	(60,000)
	<b>\$ 25,000</b>	<b>\$ 50,000</b>

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 and production time with a fair value of \$50,000 (2015 - \$4,437), volunteer hours through the SCiP Internship program with a fair value of \$13,437 (2015 - \$nil) and rent with a fair value of \$7,220 (2015 - \$6,480).

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, 2016**

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10. RELATED PARTY TRANSACTIONS

Donations from companies related to the members of the Board of Governors comprise 34.3% (2015 - 26.0%) 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, 2016. 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.

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.