

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA
(formerly Canadian Environmental Grantmakers' Network)

Financial Statements

December 31, 2019

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA
(Formerly Canadian Environmental Grantmakers' Network)

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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Environment Funders Canada / Financeurs en environnement au Canada
(formerly Canadian Environmental Grantmakers' Network)

Opinion

We have audited the financial statements of Environment Funders Canada / Financeurs en environnement au Canada (formerly Canadian Environmental Grantmakers' Network) ("EFC"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of EFC 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 Opinion

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 EFC 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 16, 2019.

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 EFC's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate EFC or to cease operations, or has no realistic alternative but to do so.

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

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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 the 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.

Toronto, Ontario
April 29, 2020

Hogg, Shain & Scheck PC

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA
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Statement of Financial Position

As at December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 488,730	\$ 551,375
Accounts receivable	32,665	18,547
Prepaid expenses and deposits <i>(Note 3)</i>	9,222	20,587
	\$ 530,617	\$ 590,509
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 47,385	\$ 9,554
Deferred revenues <i>(Notes 4 and 6)</i>	367,746	500,108
	415,131	509,662
NET ASSETS		
UNRESTRICTED	115,486	80,847
	\$ 530,617	\$ 590,509

COMMITMENT *(Note 5)*

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See the accompanying notes to these financial statements

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

(Formerly Canadian Environmental Grantmakers' Network)

Statement of Operations and Changes in Net Assets

Year Ended December 31, 2019

	2019	2018
REVENUES		
Foundation grants <i>(Note 6)</i>	\$ 1,677,476	\$ 1,056,930
Membership fees	240,148	232,188
Members' meetings	143,989	150,134
Fundraising and other	22,492	11,656
	2,084,105	1,450,908
EXPENSES <i>(Note 7)</i>		
Program activities <i>(Note 8)</i>	1,697,920	1,040,688
Members' meetings	194,340	178,788
General and administration	70,395	79,892
Communications and outreach	49,648	61,621
Rent	23,040	17,340
Professional fees	14,123	9,104
	2,049,466	1,387,433
EXCESS OF REVENUES OVER EXPENSES	34,639	63,475
NET ASSETS - BEGINNING OF YEAR	80,847	17,372
NET ASSETS - END OF YEAR	\$ 115,486	\$ 80,847

See the accompanying notes to these financial statements

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA
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Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 34,639	\$ 63,475
Changes in non-cash working capital:		
Accounts receivable	(14,118)	(13,076)
Prepaid expenses and deposits	11,365	(610)
Accounts payable and accrued liabilities	37,831	3,187
Deferred revenues	(132,362)	199,336
	(97,284)	188,837
NET INCREASE (DECREASE) IN CASH FLOWS	(62,645)	252,312
CASH - BEGINNING OF YEAR	551,375	299,063
CASH - END OF YEAR	\$ 488,730	\$ 551,375

See the accompanying notes to these financial statements

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA
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Notes to Financial Statements
Year Ended December 31, 2019

1. PURPOSE OF EFC

Environment Funders Canada / Financeurs en environnement au Canada (formerly Canadian Environmental Grantmakers' Network) ("EFC") is incorporated as a not-for-profit organization without share capital under the Canada Not-for-profit Corporations Act. EFC changed its name effective October 31, 2019. EFC is exempt from income tax in Canada as a registered charitable organization under the *Income Tax Act (Canada)*.

The aim of EFC is to support a vibrant network of philanthropic and other funders working individually and collectively to advance a healthy environment and a sustainable future for Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

EFC follows the deferral method of accounting for restricted contributions. Restricted contributions, including grants and revenue from fundraising activities, 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.

Membership fees are recognized over the period the membership is provided.

Revenue from members' meetings and other sources are recognized upon substantial completion of the related event or activity.

Donated goods and services

Donated goods are recognized when a fair value can be reasonably estimated and when they would be used in the normal course of operations, and would otherwise have been purchased.

The fair value of donated services cannot be reasonably determined and, therefore, are not reflected in these financial statements.

Allocation of expenses

EFC allocates personnel expenses to programs based on the estimated time spent working on each activity. Corporate governance and general management expenses are not allocated.

Program activities

Grants made to other organizations are recorded as program activities in the year in which the funds are transferred.

Financial instruments

EFC's financial instruments consist of cash, accounts receivable, and accounts payable. All financial instruments are initially measured at fair value, and subsequently, at amortized cost.

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Notes to Financial Statements
Year Ended December 31, 2019

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

Prepaid expenses and deposits

Prepaid expenses and deposits are recorded for goods and services that have been paid for but which will be received in the following year.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in the year in which they become known. Actual results could differ from these estimates.

3. PREPAID EXPENSES AND DEPOSITS

EFC makes payments for conference facilities and travel when planning its annual conference for the next fiscal year. The composition of prepaid expenses and deposits is as follows:

	2019	2018
Conference venue deposits	\$ 7,975	\$ 13,759
Prepaid services	1,247	6,828
	\$ 9,222	\$ 20,587

4. DEFERRED REVENUES

Deferred revenues are comprised of funds received for the following specific purposes, to be spent in future years:

	2019	2018
Oceans Collaborative	\$ 187,255	\$ 315,608
Low Carbon Funders Group	94,365	119,500
Responsible investing	30,000	15,000
Technology and environmental solutions	29,943	50,000
Members' meetings - conference	17,883	-
Environmental database	8,300	-
	\$ 367,746	\$ 500,108

The continuity of deferred revenues for the year is as follows:

Deferred revenues, beginning of year	\$ 500,108	\$ 300,772
Add: Contributions received during the year	1,545,114	1,256,266
Less: Contributions spent on program activities during the year	(1,677,476)	(1,056,930)
Deferred revenues, end of year	\$ 367,746	\$ 500,108

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Notes to Financial Statements
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5. COMMITMENT

EFC shares space with another organization and pays rent under a month-to-month arrangement.

6. FOREIGN EXCHANGE GAINS OR LOSSES

Foreign exchange gains and losses are included in the determination of income in the year in which they occur or deferred in line with EFC's revenue recognition policy. Revenues have been translated at the rate of exchange prevailing on the date they are recognized as income or deferred revenues.

Included in Foundation grants and deferred revenues are foreign exchange gains of \$144,562 (2018 - \$76,133) which resulted from the translation of contributions which were denominated in U.S. dollars.

7. PERSONNEL EXPENSE ALLOCATION

Personnel expenses are allocated proportionately based on estimated time spent on each specific function.

	<u>2019</u>	<u>2018</u>
Program activities	\$ 82,963	\$ 52,452
Members' meetings	62,222	61,051
General and administration	41,481	67,938
Communications and outreach	20,741	38,076
	<u>\$ 207,407</u>	<u>\$ 219,517</u>

8. PROGRAM ACTIVITIES

	<u>2019</u>	<u>2018</u>
Low Carbon Funders Group	\$ 942,810	\$ 872,343
Oceans Collaborative	669,435	5,253
Other	85,675	163,092
	<u>\$ 1,697,920</u>	<u>\$ 1,040,688</u>

9. FINANCIAL RISKS

It is management's opinion that EFC is not exposed to significant credit, liquidity, or market risks arising from its financial instruments.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
