

**ENVIRONMENT FUNDERS CANADA /
FINANCEURS EN ENVIRONNEMENT AU CANADA**

Financial Statements

December 31, 2020

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

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Year Ended December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Environment Funders Canada / Financeurs en environnement au Canada

Opinion

We have audited the financial statements of Environment Funders Canada / Financeurs en environnement au Canada ("EFC"), which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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.

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.

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.

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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.

Hogg, Shain & Scheck PC

Toronto, Ontario
May 6, 2021

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

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Statement of Financial Position

As at December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 1,308,255	\$ 488,730
Accounts receivable	16,917	32,665
Prepaid expenses and deposits	<u>1,247</u>	<u>9,222</u>
	\$ 1,326,419	\$ 530,617
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 59,453	\$ 47,385
Deferred revenues (<i>Notes 3 and 7</i>)	<u>1,103,288</u>	<u>367,746</u>
	1,162,741	415,131
NET ASSETS		
UNRESTRICTED	<u>163,678</u>	115,486
	\$ 1,326,419	\$ 530,617

COMMITMENT (*Note 4*)

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Statement of Operations and Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
REVENUES		
Foundation grants <i>(Note 7)</i>	\$ 2,147,877	\$ 1,677,476
Membership fees	245,152	240,148
Fundraising and other	22,924	22,492
Members' annual conference	17,606	143,989
Government COVID-19 assistance <i>(Note 1)</i>	2,750	-
	<u>2,436,309</u>	<u>2,084,105</u>
EXPENSES <i>(Note 5)</i>		
Program activities <i>(Note 6)</i>	2,161,668	1,697,920
General and administration	83,335	67,669
Members' annual conference	48,246	194,340
Professional fees	39,151	14,123
Rent	24,060	23,040
Communications and outreach	16,288	49,648
Information technology	15,369	2,726
	<u>2,388,117</u>	<u>2,049,466</u>
EXCESS OF REVENUES OVER EXPENSES	48,192	34,639
NET ASSETS - BEGINNING OF YEAR	<u>115,486</u>	<u>80,847</u>
NET ASSETS - END OF YEAR	<u>\$ 163,678</u>	<u>\$ 115,486</u>

See the accompanying notes to these financial statements

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA**Statement of Cash Flows
Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 48,192	\$ 34,639
Changes in non-cash working capital:		
Accounts receivable	15,748	(14,118)
Prepaid expenses and deposits	7,975	11,365
Accounts payable and accrued liabilities	12,068	38,401
Deferred revenues	735,542	(132,932)
	<u>771,333</u>	<u>(97,284)</u>
NET INCREASE (DECREASE) IN CASH	819,525	(62,645)
CASH - BEGINNING OF YEAR	488,730	551,375
CASH - END OF YEAR	\$ 1,308,255	\$ 488,730

See the accompanying notes to these financial statements

1. NATURE AND PURPOSE OF THE ORGANIZATION

Environment Funders Canada / Financeurs en environnement au Canada ("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.

Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus.

As part of the response to COVID-19, the Canadian federal government introduced the 10% Temporary Wage Subsidy ("TWS") to assist employers whose activities have been affected by COVID-19. During the year, the Organization received \$2,750 from this government assistance program.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of EFC in future periods. EFC continues to closely monitor and assess the impact on operations. It is the opinion of management that EFC will have sufficient resources to mitigate the uncertainty in 2021 as a result of COVID-19.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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' annual conference and other sources are recognized upon substantial completion of the related event or activity.

Contributed goods and services

Contributed 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 contributed services cannot be reasonably determined and, therefore, are not reflected in these financial statements.

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Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Use of estimates

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

3. DEFERRED REVENUES

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

	<u>2020</u>	<u>2019</u>
Oceans Collaborative	\$ 669,608	\$ 187,255
Low Carbon Funders Group	376,233	94,365
Members' annual conference	43,577	17,883
Environmental database	8,300	8,300
Membership fees	5,570	-
Responsible investing	-	30,000
Technology and environmental solutions	-	29,943
	<u>\$ 1,103,288</u>	<u>\$ 367,746</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 367,746	\$ 500,108
Add: Contributions received during the year	3,131,267	1,545,114
Less: Contributions spent on program activities during the year	<u>(2,395,725)</u>	<u>(1,677,476)</u>
Balance, end of year	<u>\$ 1,103,288</u>	<u>\$ 367,746</u>

**Notes to Financial Statements
Year Ended December 31, 2020**

4. COMMITMENT

EFC shares space with like-minded organizations at Foundation House in Toronto, Canada, and pays rent under a month-to-month arrangement.

5. PERSONNEL EXPENSE ALLOCATION

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

	<u>2020</u>		<u>2019</u>
Program activities	\$ 122,563	\$	82,963
General and administration	40,854		41,481
Members' annual conference	30,640		62,222
Communications and outreach	10,213		20,741
	<u>\$ 204,270</u>	\$	<u>207,407</u>

6. PROGRAM ACTIVITIES

	<u>2020</u>		<u>2019</u>
Low Carbon Funders Group	\$ 1,598,132	\$	942,810
Oceans Collaborative	497,424		669,435
Responsible investing	27,825		19,597
Leveraging technology report	24,546		18,925
Webinars and other	13,741		4,715
	<u>\$ 2,161,668</u>	\$	<u>1,655,482</u>

7. FINANCIAL RISKS

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

EFC is exposed to currency risk as the value of grants received in U.S. dollars will fluctuate with changes in the U.S. exchange rate.

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

Included in Foundation grants and deferred revenues are foreign exchange gains of \$161,340 (2019 - \$144,562) which resulted from the translation of contributions which were denominated in U.S. dollars.

8. COMPARATIVE FIGURES

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