

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

Financial Statements

Year ended December 31, 2021

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

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December 31, 2021

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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, 2021, and the statements of operations, 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, 2021, and its results of 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 these 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 of EFC for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 6, 2021.

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 related 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.

INDEPENDENT AUDITOR'S REPORT - cont'd

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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 5, 2022

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Statement of Financial Position

December 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 2,854,344	\$ 1,308,255
Accounts receivable	10,509	16,917
Prepaid expenses and deposits	5,247	1,247
	<u>\$ 2,870,100</u>	<u>\$ 1,326,419</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 43,204	\$ 59,453
Deferred revenues (Notes 3 and 8)	2,530,032	1,103,288
	<u>2,573,236</u>	<u>1,162,741</u>
Net assets		
Unrestricted	44,864	163,678
Operating reserve (Note 4)	252,000	-
	<u>296,864</u>	<u>163,678</u>
	<u>\$ 2,870,100</u>	<u>\$ 1,326,419</u>

Approved on behalf of the Board:

_____ Director

_____ Director

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA**Statement of Operations**

Year ended December 31, 2021

	2021	2020
Revenues		
Foundation grants (Note 8)	\$ 2,812,516	\$ 2,147,877
Membership fees	261,000	245,152
Members' annual conference	81,640	17,606
Fundraising and other	12,449	22,924
Government COVID-19 assistance	-	2,750
	3,167,605	2,436,309
Expenses (Note 6)		
Program activities (Note 7)	2,755,530	2,161,668
Members' annual conference	124,650	48,246
General and administration	76,044	83,335
Rent	24,610	24,060
Communications and outreach	22,893	16,288
Professional fees	20,173	39,151
Information technology	10,519	15,369
	3,034,419	2,388,117
Excess of revenues over expenses	\$ 133,186	\$ 48,192

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA**Statement of Changes in Net Assets**

Year ended December 31, 2021

	Unrestricted	Operating reserve	Total 2021	Total 2020
Balance, beginning of year	\$ 163,678	\$ -	\$ 163,678	\$ 115,486
Excess of revenues over expenses	133,186	-	133,186	48,192
Transfer to operating reserve (Note 4)	(252,000)	252,000	-	-
Balance, end of year	\$ 44,864	\$ 252,000	\$ 296,864	\$ 163,678

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA**Statement of Cash Flows**

Year ended December 31, 2021

	2021	2020
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 133,186	\$ 48,192
Changes in		
Accounts receivable	6,408	15,748
Prepaid expenses and deposits	(4,000)	7,975
Accounts payable and accrued liabilities	(16,249)	12,068
Deferred revenues	1,426,744	735,542
Change in cash position	1,546,089	819,525
Cash, beginning of year	1,308,255	488,730
Cash, end of year	\$ 2,854,344	\$ 1,308,255

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Notes to Financial Statements

Year ended December 31, 2021

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 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

It is not possible to reliably estimate the impact of the ongoing COVID-19 pandemic on the financial results 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 uncertainty in 2022 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.

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.

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.

2. Summary of significant accounting policies - cont'd

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.

Government assistance is recognized when received or receivable in the year EFC meets the eligibility criteria.

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. There were no contributed goods in 2021 or 2020.

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

Program activities

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

Allocation of expenses

EFC allocates personnel expenses to programs based on the estimated time spent working on each activity (Note 6).

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Notes to Financial Statements

Year ended December 31, 2021

2. Summary of significant accounting policies - cont'd

Foreign exchange

Monetary assets and liabilities of the EFC which are denominated in foreign currencies are translated at year end exchange rates. As at December 31, 2021, EFC did not have any monetary assets or liabilities which were denominated in foreign currencies.

Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

3. Deferred revenues

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

	2021	2020
Oceans Collaborative	\$ 1,472,593	\$ 669,608
Low Carbon Funders Group	1,057,439	376,233
Members' annual conference	-	43,577
Environmental database	-	8,300
Membership fees	-	5,570
	\$ 2,530,032	\$ 1,103,288

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

	2021	2020
Balance, beginning of year	\$ 1,103,288	\$ 367,746
Add: Contributions received during the year	4,293,407	3,131,267
Less: Contributions spent on program activities during the year	(2,866,663)	(2,395,725)
Balance, end of year	\$ 2,530,032	\$ 1,103,288

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Notes to Financial Statements

Year ended December 31, 2021

4. Operating reserve

Effective December 31, 2021, the Board of Directors (the "Board") established an internally restricted operating reserve to ensure the continuation of core operations when faced with situations such as a sudden increase in expenses, one-time unbudgeted operating expenses, unanticipated losses in funding, or uninsured losses.

The Board approved a transfer of \$252,000 from unrestricted net assets to the operating reserve.

5. Commitment

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

6. Personnel expenses allocation

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

	2021	2020
Program activities	\$ 150,135	\$ 122,563
Members' annual conference	75,067	30,640
General and administration	60,054	40,854
Communications and outreach	15,013	10,213
	<hr/>	<hr/>
	\$ 300,269	\$ 204,270

ENVIRONMENT FUNDERS CANADA / FINANCEURS EN ENVIRONNEMENT AU CANADA

Notes to Financial Statements

Year ended December 31, 2021

7. Program activities

	2021	2020
Low Carbon Funders Group	\$ 1,997,801	\$ 1,598,132
Oceans Collaborative	717,296	497,424
Webinars and other	40,433	13,741
Responsible investing	-	27,825
Leveraging technology report	-	24,546
	<u>\$ 2,755,530</u>	<u>\$ 2,161,668</u>

8. Financial instrument 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.

Included in Foundation grants and deferred revenues are foreign exchange gains of \$215,282 (2020 - \$161,340) which resulted from the translation of contributions which were denominated in U.S. dollars.