
EARTHROOTS FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members,
Earthroots Fund

We have audited the accompanying financial statements of Earthroots Fund, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and changes in net assets and cash flows 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, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

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 Earthroots Fund as at December 31, 2014, 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.

Pennylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

June 26, 2015
Toronto, Ontario

EARTHROOTS FUND

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 169,900	\$ 106,205
Amounts receivable	-	6,821
HST recoverable	7,537	7,002
Due from Earthroots Coalition (note 3)	1,759	3,459
Prepaid expenses	<u>1,425</u>	<u>1,425</u>
	<u>\$ 180,621</u>	<u>\$ 124,912</u>
LIABILITIES AND AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 17,506	\$ 7,102
Deferred contributions (note 4)	<u>106,313</u>	<u>72,719</u>
	<u>123,819</u>	<u>79,821</u>
Net assets		
Unrestricted	<u>56,802</u>	<u>45,091</u>
	<u>\$ 180,621</u>	<u>\$ 124,912</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

EARTHROOTS FUND

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
REVENUE		
Grants (note 5)	\$ 246,223	\$ 40,670
Donations and fundraising (note 3)	<u>135,983</u>	<u>144,816</u>
	<u>382,206</u>	<u>185,486</u>
EXPENSES		
Program		
Research	238,545	42,175
Public education and outreach	48,688	77,487
Publications	<u>3,903</u>	<u>2,669</u>
	<u>291,136</u>	<u>122,331</u>
Non-program		
Administration	49,920	26,694
Donations and fundraising	<u>29,439</u>	<u>29,484</u>
	<u>79,359</u>	<u>56,178</u>
Total expenses	<u>370,495</u>	<u>178,509</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	11,711	6,977
Net assets, beginning of year	<u>45,091</u>	<u>38,114</u>
NET ASSETS, END OF YEAR	<u>\$ 56,802</u>	<u>\$ 45,091</u>

see accompanying notes

EARTHROOTS FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 11,711	\$ 6,977
Add back (deduct) non-cash items-		
Net change in working capital items (see below)	<u>51,984</u>	<u>(3,631)</u>
NET CASH INCREASE IN THE YEAR	63,695	3,346
Cash, beginning of year	<u>106,205</u>	<u>102,859</u>
CASH, END OF YEAR	<u>\$ 169,900</u>	<u>\$ 106,205</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ 6,821	\$ (774)
HST recoverable	(535)	(2,744)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	10,404	(678)
Deferred contributions	33,594	2,324
Due to/from Earthroots Coalition	<u>1,700</u>	<u>(1,759)</u>
	<u>\$ 51,984</u>	<u>\$ (3,631)</u>

see accompanying notes

EARTHROOTS FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

Earthroots Fund (the Fund) is incorporated without share capital under the provisions of Part II of the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act. The Fund is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Fund works to promote the protection of Canada's wilderness, wildlife and watersheds through research and public education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Capital assets

Capital assets are expensed to operations in the year of purchase.

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The Fund follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred revenue.

Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the Fund are not recorded in the accounts.

Interest income

Interest income is recognized when earned.

Allocation of expenses

The Fund allocates personnel costs based on time spent.

2. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The Fund's financial instruments include cash, amounts receivable, due from Earthroots Coalition, accounts payable and accrued liabilities. Amounts receivable, due from Earthroots Fund accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

It is management's opinion that the Fund's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. The Fund minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable.

EARTHROOTS FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

3. RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out in the normal course of operations and are recorded at an exchange value which approximates fair value. Amounts due to and from related parties are payable on demand and bear no interest.

Earthroots Coalition is a not-for-profit organization and shares a common Board of Directors with the organization. Earthroots Coalition undertakes advocacy and campaign work and shares certain personnel, direct mail and other overhead expenses with Earthroots Fund.

In 2014 the Fund charged Earthroots Coalition \$5,000 for shared office and administrative expenses (\$10,000 in 2013).

As at December 31, 2014, Earthroots Coalition owed the Fund \$1,759 (Earthroots Coalition owed the Fund \$3,459 as at December 31, 2013).

4. DEFERRED CONTRIBUTIONS

Deferred contributions is composed of the following:

	2014	2013
Greenbelt Foundation	\$ 62,939	\$ 8,462
Levinson Foundation	24,395	24,395
Mountain Equipment Co-op	4,210	7,500
Tides Canada Foundation	3,189	5,855
The McLean Foundation	2,974	5,468
Oak Ridges Moraine Foundation	1,597	7,311
Fund for Wild Nature	1,500	1,500
ECHO / EJLB	-	4,148
Other	<u>5,509</u>	<u>8,080</u>
Deferred contributions, end of year	<u>\$ 106,313</u>	<u>\$ 72,719</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 72,719	\$ 70,395
Cash received from grants in year	279,817	42,994
Grant revenue recognized in year (note 5)	<u>(246,223)</u>	<u>(40,670)</u>
Deferred contributions, end of year	<u>\$ 106,313</u>	<u>\$ 72,719</u>

EARTHROOTS FUND

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

5. GRANT REVENUE

Grant revenue recognized in the year was as follows:

	2014	2013
Greenbelt Foundation	\$ 188,523	\$ -
ECHO / EJLB	19,148	17,947
Mountain Equipment Co-op	10,790	-
Metcalf Foundation	9,777	-
Oak Ridges Moraine Foundation	5,714	-
Human Resources and Skills Development Canada	4,317	4,695
TO Community Foundation	2,794	742
Tides Canada Foundation	2,666	6,754
The McLean Foundation	2,494	4,532
United Way	-	6,000
	<u>\$ 246,223</u>	<u>\$ 40,670</u>

6. PERSONNEL COSTS

Included in the statement of operations are personnel costs allocated as follows:

	2014	2013
Non-program (note 3)	\$ 57,846	\$ 38,475
Program (note 3)	<u>109,566</u>	<u>58,971</u>
	<u>\$ 167,412</u>	<u>\$ 97,446</u>