
**CANADIAN ENVIRONMENTAL
GRANTMAKERS' NETWORK**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Environmental Grantmakers' Network

Opinion

We have audited the financial statements of Canadian Environmental Grantmakers' Network which comprise the statement of financial position as at December 31, 2018, 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 Canadian Environmental Grantmakers' Network as at December 31, 2018 and the 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 the organization 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.

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 Canadian Environmental Grantmakers' Network'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 Canadian Environmental Grantmakers' Network or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Canadian Environmental Grantmakers' Network'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. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities

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 Canadian Environmental Grantmakers' Network'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 Canadian Environmental Grantmakers' Network's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 Canadian Environmental Grantmakers' Network 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Cowperthwaite Mehta

Chartered Professional Accountants
Licensed Public Accountants

April 16, 2019
Toronto, Ontario

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 551,375	\$ 299,063
Accounts receivable		2,997
Sales taxes recoverable	18,547	2,474
Prepaid expenses and deposits (note 3)	<u>20,587</u>	<u>19,977</u>
	<u>\$ 590,509</u>	<u>\$ 324,511</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,554	\$ 6,367
Deferred revenue (note 4)	<u>500,108</u>	<u>300,772</u>
	<u>509,662</u>	<u>307,139</u>
Net assets		
Unrestricted	<u>80,847</u>	<u>17,372</u>
	<u>\$ 590,509</u>	<u>\$ 324,511</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Foundation grants	\$ 1,056,930	\$ 123,866
Membership fees	232,188	201,451
Members' meetings	<u>161,790</u>	<u>109,695</u>
	<u>1,450,908</u>	<u>435,012</u>
EXPENSES (note 5)		
Research projects	1,040,688	151,585
Members' meetings	178,788	154,294
General and administration	79,892	81,330
Communications and outreach	61,621	61,286
Rent	17,340	16,800
Professional fees	<u>9,104</u>	<u>5,072</u>
	<u>1,387,433</u>	<u>470,367</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	63,475	(35,355)
Net assets, beginning of year	<u>17,372</u>	<u>52,727</u>
NET ASSETS, END OF YEAR	<u>\$ 80,847</u>	<u>\$ 17,372</u>

see accompanying notes

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 63,475	\$ (35,355)
Net change in non-cash working capital items:		
Decrease in accounts receivable	2,997	2,628
(Increase) decrease in sales taxes recoverable	(16,073)	13,556
Increase in prepaid expenses and deposits	(610)	(12,898)
Increase (decrease) in accounts payable and accrued liabilities	3,187	(17,238)
Increase in deferred revenue	<u>199,336</u>	<u>233,272</u>
NET INCREASE IN CASH FOR THE YEAR	252,312	183,965
Cash, beginning of year	<u>299,063</u>	<u>115,098</u>
CASH, END OF YEAR	<u>\$ 551,375</u>	<u>\$ 299,063</u>

see accompanying notes

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

Canadian Environmental Grantmakers' Network (the "organization") is a not-for-profit organization incorporated without share capital under the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The aim of the organization is to expand the scope and effectiveness of grantmaking in support of the Canadian environment.

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:

Financial instruments

Financial instruments include cash, accounts receivable and accounts payable and accrued liabilities. Cash is measured at fair value. All other financial instruments are recorded at cost.

Prepaid expenses and deposits

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

Capital assets

Equipment and furniture is charged to operations in the year the expenditures are incurred.

Revenue recognition

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

- i) The organization follows the deferral method of revenue recognition. Grants related to current expenditures are reflected in the accounts as a revenue item in the current year. Grants received in the year for expenses to be incurred in the following fiscal year are recorded as deferred revenue. Grants related to the purchase of capital assets are recorded as revenue in the same period the related capital assets are charged to operations.
- ii) Fee revenue from member meetings and service contracts are recognized when the service is provided.
- iii) Membership fees, fundraising and donation revenue are recorded when funds are received or collection for the current year is reasonably assured. Donated materials and services which are normally purchased by the organization are not recorded in the accounts.

Allocation of expenses

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

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

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DECEMBER 31, 2018

2. FINANCIAL RISKS

Financial instruments expose the organization to risks which may affect the cash flows of the organization. Specifically:

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the organization's cash requirements.

3. PREPAID EXPENSES AND DEPOSITS

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

	2018	2017
Conference venue deposits	\$ 13,759	\$ 18,800
Prepaid services	<u>6,828</u>	<u>1,177</u>
	<u>20,587</u>	<u>19,977</u>

4. DEFERRED REVENUE

Deferred revenue is composed of funds restricted for the following program areas:

	2018	2017
Energy Funders Group projects	\$ 119,500	\$ 287,000
Oceans Collaborative	315,608	
Technology and environment	50,000	
Responsible Investing	15,000	
Members meetings - conference	<u> </u>	<u>13,722</u>
Deferred revenue, end of year	<u>\$ 500,108</u>	<u>\$ 300,772</u>

Continuity of deferred revenue for the year is as follows:

Deferred revenue, beginning of year	\$ 300,772	\$ 67,500
Add contributions received for activities and projects in year	1,256,266	357,138
Less contributions spent on activities and projects in year	<u>(1,056,930)</u>	<u>(123,866)</u>
Deferred revenue, end of year	<u>\$ 500,108</u>	<u>\$ 300,772</u>

CANADIAN ENVIRONMENTAL GRANTMAKERS' NETWORK

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DECEMBER 31, 2018

5. PERSONNEL EXPENSE ALLOCATION

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

	2018	2017
General and administration	\$ 67,938	\$ 51,856
Members' meetings	61,051	56,709
Research projects	52,452	47,111
Communications and outreach	<u>38,076</u>	<u>35,297</u>
Allocated personnel expenses	<u>\$ 219,517</u>	<u>\$ 190,973</u>

6. LEASE COMMITMENTS

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