

THE EARTH RANGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017



INDEPENDENT AUDITORS' REPORT

To the Members of **The Earth Rangers Foundation**

We have audited the accompanying financial statements of The Earth Rangers Foundation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and 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.

Auditors' 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 Foundation'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 Foundation'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Earth Rangers Foundation as at December 31, 2017, and its financial performance and its cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.



Mississauga, Ontario
April 18, 2018

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

THE EARTH RANGERS FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
Current		
Cash and cash equivalents	\$ 1,985,119	\$ 1,738,956
Accounts receivable (Note 7)	322,794	455,856
HST rebate recoverable	85,098	81,061
Prepaid expenses	<u>113,366</u>	<u>161,088</u>
	2,506,377	2,436,961
Capital assets (Note 3)	19,876,689	20,571,423
Prepaid lease (Note 4)	<u>719,046</u>	<u>751,722</u>
	<u>\$ 23,102,112</u>	<u>\$ 23,760,106</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 225,350	\$ 173,918
Deferred revenue	414,603	691,499
Deferred contributions (Note 5)	<u>1,587,349</u>	<u>1,389,667</u>
	2,227,302	2,255,084
Contributions used to fund capital assets (Note 6)	<u>19,876,689</u>	<u>20,571,423</u>
	<u>22,103,991</u>	<u>22,826,507</u>
COMMITMENTS (Note 9)		
NET ASSETS		
	<u>998,121</u>	<u>933,599</u>
	<u>\$ 23,102,112</u>	<u>\$ 23,760,106</u>

Approved on behalf of the board

Director _____

Director _____



THE EARTH RANGERS FOUNDATION
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Programs 2017 (note 2f)	Other 2017 (note 2f)	Total 2017	Programs 2016 (note 2f)	Other 2016 (note 2f)	Total 2016
Revenue						
Corporations and other donations	\$ 959,938	\$ 168,169	\$ 1,128,107	\$ 761,562	\$ 522,078	\$ 1,283,640
The Schad Foundation donation (Note 5)	-	938,154	938,154	-	770,260	770,260
Government and other grants	1,291,352	-	1,291,352	1,394,054	-	1,394,054
Other (Note 10)	24,421	236,659	261,080	226,899	40,698	267,596
Sponsorship	1,223,080	-	1,223,080	1,181,165	-	1,181,165
Amortization of contributions to fund capital assets (Note 6)	-	1,058,898	1,058,898	-	1,061,728	1,061,728
Interest	-	10,952	10,952	-	6,079	6,079
	<u>3,498,791</u>	<u>2,412,832</u>	<u>5,911,623</u>	<u>3,563,680</u>	<u>2,400,843</u>	<u>5,964,523</u>
Expenses						
Operating	3,414,291	1,289,412	4,703,703	3,433,680	1,292,337	4,726,017
Depreciation of capital assets	-	1,058,898	1,058,898	-	1,061,728	1,061,728
External program costs	84,500	-	84,500	130,000	-	130,000
	<u>3,498,791</u>	<u>2,348,310</u>	<u>5,847,101</u>	<u>3,563,680</u>	<u>2,354,065</u>	<u>5,917,745</u>
Excess of revenue over expenses for the year	-	64,522	64,522	-	46,778	46,778
Net assets, beginning of year	-	933,599	933,599	-	886,821	886,821
Net assets, end of year	<u>\$ -</u>	<u>\$ 998,121</u>	<u>\$ 998,121</u>	<u>\$ -</u>	<u>\$ 933,599</u>	<u>\$ 933,599</u>

See accompanying notes to the financial statements



THE EARTH RANGERS FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Cash flows from operating activities		
Excess of revenue over expenses	\$ 64,522	\$ 46,778
Adjustments for items not affecting cash		
Depreciation of capital assets	1,058,898	1,061,728
Amortization of prepaid lease	32,676	32,676
Amortization of contributions used to fund capital assets	(1,058,898)	(1,061,728)
Loss on disposal of capital assets	-	211
Change in non-cash working capital items (Note 8)	148,965	272,502
	<u>246,163</u>	<u>352,167</u>
Cash flows from investing activities		
Purchase of capital assets	(364,164)	(342,578)
Proceeds on disposal of capital assets	-	10,540
	<u>(364,164)</u>	<u>(332,038)</u>
Cash flows from financing activities		
Contributions restricted for capital purposes	<u>364,164</u>	<u>331,827</u>
Increase in cash and cash equivalents	246,163	351,956
Cash and equivalents, beginning of year	<u>1,738,956</u>	<u>1,387,000</u>
Cash and equivalents, end of year	<u>\$ 1,985,119</u>	<u>\$ 1,738,956</u>

See accompanying notes to the financial statements



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. DESCRIPTION

The Earth Rangers Foundation ("Earth Rangers") was incorporated under Letters Patent on June 10, 1999 and its objectives were amended by Supplementary Letters Patent on March 2, 2011. Charitable status was received retroactive to November 1, 2000. On April 9, 2014, Earth Rangers approved Articles of Continuance to continue the Corporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act.

Earth Rangers' registration number is 89220 0528 RR0001.

The objectives of Earth Rangers are summarized as follows:

- (a) To preserve, protect, restore and improve the natural resources and environment.
- (b) To educate and increase the public's understanding of natural ecosystems by:
 - (i) establishing, providing, promoting, operating, maintaining, assisting or supporting qualified donees that have as their charitable purposes the protection, conservation or restoration of natural ecosystems;
 - (ii) educating young people about natural ecosystems, biodiversity and preservation activities and conserving natural ecosystems through programming including seminars, conferences, public forums, television programming, live shows and internet programs.
- (c) To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time:
 - (i) to and for the benefit of other qualified donees as the Board of Directors may determine, having charitable purposes and objects similar to the corporation, and/ or
 - (ii) for charitable purposes of an educational nature, and in particular, to provide scholarships, fellowships, bursaries, prizes and financial assistance to young Canadians, and to provide equipment, furnishings, teaching aids, and supplies to educational institutions in Canada and to educational institutions outside Canada who are qualified donees under the provisions of the Income Tax Act (Canada).
- (d) To do all such other things as are incidental and ancillary to the above listed objects of the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Capital assets

Purchased capital assets are recorded at historical cost and donated capital assets are recorded at fair value at the date of contribution. Earth Rangers provides for depreciation using the straight-line method at rates designed to depreciate the cost of the capital assets over their estimated useful lives. The annual depreciation rates are as follows:

Building	Straight-line	40 years
Shows	Straight-line	3 years
Furniture, fixtures, tools and equipment	Straight-line	10 years
Automotive equipment	Straight-line	10 years
Data and AV equipment	Straight-line	5 years
Website	Straight-line	3 years
Land improvements	Straight-line	10 years

No depreciation is recorded for construction in progress and shows under development until they are substantially complete and ready for productive use.

Costs directly related to the development of shows are included in capital assets when Earth Rangers can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over their estimated useful lives which is the number of years the shows are expected to be presented. Such costs are expensed immediately when there is insufficient evidence that the costs are recoverable.

(c) Prepaid lease payments

Prepaid lease payments are amortized over the initial term of the lease.

(d) Revenue recognition

Earth Rangers follows the deferral method of accounting for contributions, which include donations and grants. 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. Pledges are recorded when received since they are not legally enforceable claims. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Contributions used to fund capital assets are also deferred and amortized, and therefore recognized as income in the statement of operations and net assets on a straight-line basis over the estimated useful lives of the capital assets financed by those contributions.

Interest and dividend income is recorded on the accrual basis.

(e) Contributed services and materials

Contributed services are not recognized in the financial statements. Contributed materials are recognized in the financial statements at the fair market value when acquired.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Segmented information shown on the Statement of Operations and Net Assets

"Programs" represent expenses related to program activities that are funded by corporations and other third parties, as well as by The Schad Foundation in the event of a deficit.

"Other" represents non-program expenses that are primarily funded by The Schad Foundation. Non-program expenses include development, finance, information technology and administration. The Schad Foundation also funds all capital assets purchased by Earth Rangers.

Operating expenses are allocated between "programs" and "other" based on the function to which the expenses are directly related.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are capital assets and contributions used to fund capital assets.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

3. CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2017 Net</i>
Building	\$ 26,632,062	\$ 7,592,715	\$ 19,039,347
Automotive equipment	86,997	54,853	32,144
Furniture, fixtures, tools and equipment	2,158,264	1,980,890	177,374
Land improvements	1,662,387	1,579,088	83,299
Website	3,686,358	3,456,368	229,990
Data and AV equipment	1,745,251	1,436,743	308,508
Shows	38,323	32,296	6,027
	<u>\$ 36,009,642</u>	<u>\$ 16,132,953</u>	<u>\$ 19,876,689</u>

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2016 Net</i>
Building	\$ 26,294,766	\$ 6,933,435	\$ 19,361,331
Medical equipment	47,368	47,368	-
Automotive equipment	66,744	51,724	15,020
Furniture, fixtures, tools and equipment	2,150,085	1,913,712	236,373
Land improvements	1,640,122	1,564,464	75,658
Construction in progress	298,639	-	298,639
Website	3,565,988	3,299,162	266,826
Data and AV equipment	1,590,654	1,286,867	303,787
Shows	941,820	928,031	13,789
	<u>\$ 36,596,186</u>	<u>\$ 16,024,763</u>	<u>\$ 20,571,423</u>

Included in furniture, fixtures, tools and equipment is \$39,229 (2016 - \$39,229) worth of artwork that is not subject to depreciation.

4. PREPAID LEASE AND LEASE OBLIGATION

In 2002, Earth Rangers entered into a lease agreement with the Toronto Region Conservation Authority for the rental of land within the Kortright Centre for Conservation. Earth Rangers currently operates out of a building constructed on the rented land. The lease was fully paid in a prior year for a period that covers up to July 31, 2042. The lease can be extended for a minimum of another 40 years at no cost. The lease payments have been recorded as a prepaid lease on the statement of financial position and are being amortized over the initial lease term on a straight-line basis.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted donations and grants. These contributions are expected to be used for operating expenses in the next fiscal year and therefore are classified as current liabilities. The changes in the deferred contributions balance are as follows:

	2017	2016
Balance, beginning of year	\$ 1,389,667	\$ 991,754
Amount of externally restricted donations received (Note 7)	1,500,000	1,500,000
Deferred contributions recognized as donations revenue	(938,154)	(770,260)
Transfer of deferred contributions to fund capital assets (Note 6)	<u>(364,164)</u>	<u>(331,827)</u>
	<u>\$ 1,587,349</u>	<u>\$ 1,389,667</u>

6. CONTRIBUTIONS USED TO FUND CAPITAL ASSETS

These contributions represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of these deferred contributions is recorded as revenue in the statement of operations and net assets. The change in this balance is as follows:

	2017	2016
Balance, beginning of year	\$ 20,571,423	\$ 21,301,324
Restricted contributions transferred from deferred contributions (Note 5)	364,164	331,827
Depreciation	<u>(1,058,898)</u>	<u>(1,061,728)</u>
	<u>\$ 19,876,689</u>	<u>\$ 20,571,423</u>

7. RELATED PARTY TRANSACTIONS

Earth Rangers is related to The Schad Foundation by virtue of common management. Transactions with The Schad Foundation occurred at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Earth Rangers received donations of \$1,500,000 (2016 - \$1,500,000) from The Schad Foundation which were recorded as deferred contributions (Note 5).

Earth Rangers offers administrative services to The Schad Foundation. For the year ended December 31, 2017, Earth Rangers invoiced \$70,516 (2016 - \$73,255) for services performed for The Schad Foundation. Included in accounts receivable at year-end is \$3,000 (2016 - nil) due from The Schad Foundation. Earth Rangers also receives administrative services from The Schad Foundation. For the year ended December 31, 2017, Earth Rangers was invoiced \$22,500 (2016 - \$22,500) for these services.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

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8. CHANGE IN NON-CASH WORKING CAPITAL

	2017	2016
Accounts receivable	\$ 133,062	\$ (6,723)
Prepaid expenses	47,722	(74,277)
Accounts payable and accrued liabilities	51,432	(52,691)
HST rebate recoverable	(4,037)	1,460
Deferred revenue	(276,896)	6,820
Deferred contributions	197,682	397,913
	<u>\$ 148,965</u>	<u>\$ 272,502</u>

9. COMMITMENTS

As at December 31, 2017, Earth Rangers has the following outstanding commitments with respect to leased vehicles:

2018	<u>\$ 20,985</u>
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10. OTHER REVENUE

	2017	2016
Conference and events	\$ 26,101	\$ 50,151
Community programs	30,212	10,853
Feed-in Tariff	51,777	59,360
Rent	75,000	75,000
Gear sales	19,197	34,340
Unreceipted donations	24,421	31,535
Miscellaneous	34,372	6,357
	<u>\$ 261,080</u>	<u>\$ 267,596</u>



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017

11. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities which will result in future cash outlays.

It is management's opinion that Earth Rangers is not exposed to significant currency, credit, interest rate or liquidity risk.

There have been no changes to management's assessment of their exposure to the above risks from the prior year.

