

THE ALBERTA ECOTRUST FOUNDATION
Financial Statements
December 31, 2021

THE ALBERTA ECOTRUST FOUNDATION
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Alberta Ecotrust Foundation :

Opinion

We have audited the financial statements of The Alberta Ecotrust Foundation (the "Foundation"), which comprise the statement of financial position, as at December 31, 2021, and the statements of operations, changes in fund balances 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 the Foundation as at December 31, 2021, and its results of operations, changes in fund balances 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 the Foundation or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of 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.

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Independent Auditor's Report to the Directors of The Alberta Ecotrust Foundation *(continued)*

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 Foundation'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 Foundation'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 Foundation 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.

Chartered Professional Accountants

Calgary, Alberta
May 31, 2022

THE ALBERTA ECOTRUST FOUNDATION
Statement of Financial Position
As at December 31

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Assets							
Current							
Cash and cash equivalents	\$ 278,375	\$ 130,673	\$ 138,591	\$ 143,100	\$ 174,377	\$ 865,116	\$ 1,599,958
Internally restricted cash (Note 7)	105,006	-	-	-	-	105,006	42,354,000
Accounts receivable	10,500	-	-	-	293,000	303,500	29,503
Short term investment (Note 4)	374,151	-	-	-	-	374,151	485,443
Goods and services tax recoverable	6,579	-	-	-	-	6,579	7,558
Prepaid expenses	9,905	-	-	792	792	11,489	23,080
	784,516	130,673	138,591	143,892	468,169	1,665,841	44,499,542
Property and equipment (Note 5)	2,859	-	-	1,097	2,430	6,386	6,041
Long term Investments (Note 6)	-	-	-	21,559,888	21,528,154	43,088,042	-
	\$ 787,375	\$ 130,673	\$ 138,591	\$ 21,704,877	\$ 21,998,753	\$ 44,760,269	\$ 44,505,583
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 14,398	\$ -	\$ -	\$ 32,909	\$ 32,924	\$ 80,231	\$ 48,517
Amounts due to (from) funds (Note 8)	79,393	-	-	117,298	(196,691)	-	-
Grant commitments (Note 17)	470,538	69,395	88,005	150,000	89,000	866,938	664,011
Deferred contributions related to operations (Note 17)	75,467	59,215	50,246	160,075	611,437	956,440	882,775
Current portion of lease inducement (Note 10)	3,162	-	-	-	-	3,162	3,162
	642,958	128,610	138,251	460,282	536,670	1,906,771	1,598,465
Lease inducement (Note 10)	11,329	-	-	-	-	11,329	14,491
	654,287	128,610	138,251	460,282	536,670	1,918,100	1,612,956

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THE ALBERTA ECOTRUST FOUNDATION
Statement of Financial Position (continued)
As at December 31

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Fund Balances							
Invested in property and equipment	6,387	-	-	-	-	6,387	6,041
Internally restricted (Note 7)	105,006	2,063	340	-	-	107,409	6,190
Unrestricted	21,695	-	-	-	-	21,695	148,046
Endowment funds (Note 3)	-	-	-	21,244,595	21,462,083	42,706,678	42,732,350
	133,088	2,063	340	21,244,595	21,462,083	42,842,169	42,892,627
	\$ 787,375	\$ 130,673	\$ 138,591	\$ 21,704,877	\$ 21,998,753	\$ 44,760,269	\$ 44,505,583

Commitments (Note 11)

On behalf of the Board

Director
Director

THE ALBERTA ECOTRUST FOUNDATION
Statement of Operations
For the Year Ended December 31

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Revenue							
Foundations and grants <i>(Note 17)</i>	\$ 614,466	\$ -	\$ 148,007	\$ 81,558	\$ 220,559	\$ 1,064,590	\$ 1,208,366
Donations	242,131	-	-	-	-	242,131	182,844
Endowment allocation	-	-	-	184,207	183,907	368,114	573,316
Fees for service	563	-	-	8,000	52,500	61,063	52,250
Sponsorships	42,500	-	-	-	-	42,500	65,000
Event revenue	3,400	-	-	-	-	3,400	6,130
Investment income, net of fees	1,359	2,063	342	256,200	252,711	512,675	2,882
	904,419	2,063	148,349	529,965	709,677	2,294,473	2,090,788
Expenses							
Programs							
Grants <i>(Note 17)</i>	583,906	-	148,007	175,000	139,000	1,045,913	979,649
Foundation directed initiatives	191	-	-	70,838	70,838	141,867	-
Program delivery	325,494	-	-	402,619	401,612	1,129,725	855,416
	909,591	-	148,007	648,457	611,450	2,317,505	1,835,065
Financial management							
Office	30,410	-	2	35,857	37,512	103,781	150,148
Professional fees	18,021	-	-	24,601	24,395	67,017	42,762
Insurance	1,471	-	-	1,471	1,472	4,414	4,673
Amortization of property and equipment	4,279	-	-	-	-	4,279	-
	54,181	-	2	61,929	63,379	179,491	197,583
	963,772	-	148,009	710,386	674,829	2,496,996	2,032,648
Excess (deficiency) of revenue over expenses before unrealized investment gain (loss)	(59,353)	2,063	340	(180,421)	34,848	(202,523)	58,140
Unrealized investment gain (loss)	34,642	-	-	241,661	243,876	520,179	42,597
Excess (deficiency) of revenue over expenses	\$ (24,711)	\$ 2,063	\$ 340	\$ 61,240	\$ 278,724	\$ 317,656	\$ 100,737

THE ALBERTA ECOTRUST FOUNDATION
Statement of Changes in Fund Balances
For the Year Ended December 31, 2021

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Net assets - beginning of year	\$ 157,799	\$ -	\$ -	\$ 21,367,562	\$ 21,367,266	\$ 42,892,627	\$ 59,540
Excess of revenue over expenses	(24,711)	2,063	340	61,240	278,724	317,656	100,737
Contributions during the year	-	-	-	-	-	-	43,305,666
Drawings during the year	-	-	-	(184,207)	(183,907)	(368,114)	(573,316)
Net assets - end of year	\$ 133,088	\$ 2,063	\$ 340	\$ 21,244,595	\$ 21,462,083	\$ 42,842,169	\$ 42,892,627

THE ALBERTA ECOTRUST FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2021

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Operating activities							
Deficiency of revenue over expenses	\$ (24,711)	\$ 2,063	\$ 340	\$ 61,240	\$ 278,724	\$ 317,656	\$ 100,737
Items not affecting cash:							
Amortization of property and equipment	4,279	-	-	-	-	4,279	-
Unrealized investment loss (gain)	(34,642)	-	-	(241,661)	(243,876)	(520,179)	(42,597)
	(55,074)	2,063	340	(180,421)	34,848	(198,244)	58,140
Changes in non-cash working capital:							
Accounts receivable	10,500	-	-	-	(293,000)	(282,500)	(22,266)
Accounts payable and accrued liabilities	(34,119)	-	-	32,909	32,924	31,714	(2,504)
Interfund balances	79,393	-	-	117,298	(196,691)	-	-
Prepaid expenses	13,175	-	-	(792)	(792)	11,591	3,304
Goods and services tax recoverable	979	-	-	-	-	979	(202)
Grant commitments	(55,245)	30,615	30,557	150,000	89,000	244,927	188,462
Deferred contributions related to operations	(603,911)	(83,999)	(48,007)	158,041	609,541	31,665	(577,231)
Lease inducement	(3,162)	-	-	-	-	(3,162)	(3,162)
	(592,390)	(53,384)	(17,450)	457,456	240,982	35,214	(413,599)
Cash flows from operating activities	(647,464)	(51,321)	(17,110)	277,035	275,830	(163,030)	(355,459)
Investing activities							
Purchase of property and equipment	(4,625)	-	-	-	-	(4,625)	(6,041)
Purchase (redemption) of short term investment	(40,142)	151,434	-	(389,789)	(389,789)	(668,286)	(358)
Purchase of long term investments	-	-	-	(21,170,099)	(21,138,365)	(42,308,464)	-
Cash flows from (used by) investing activities	(44,767)	151,434	-	(21,559,888)	(21,528,154)	(42,981,375)	(6,399)
Financing activity							
Transfer from internally restricted funds	46,673	-	-	21,243,357	21,244,539	42,534,569	378,350
Cash flow from financing activity	46,673	-	-	21,243,357	21,244,539	42,534,569	378,350
Net change in cash and cash equivalents during the year	(645,558)	100,113	(17,110)	(39,496)	(7,785)	(609,836)	16,492
Cash and cash equivalents - beginning of year	1,028,939	30,560	155,701	192,596	192,162	1,599,958	1,583,466

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THE ALBERTA ECOTRUST FOUNDATION
Statement of Cash Flows
(continued)
For the Year Ended December 31, 2021

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Cash and cash equivalents - end of year	383,381	130,673	138,591	153,100	184,377	990,122	1,599,958
Cash consists of:							
Cash and cash equivalents	\$ 278,375	\$ 130,673	\$ 138,591	\$ 143,100	\$ 174,377	\$ 865,116	\$ 1,599,958
Restricted cash	105,006	-	-	-	-	105,006	42,354,000
Short-term investment	-	-	-	-	-	-	151,434
	\$ 383,381	\$ 130,673	\$ 138,591	\$ 143,100	\$ 174,377	\$ 970,122	\$ 44,105,392

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

For the Year Ended December 31, 2021

1. Purpose of the organization

The Alberta Ecotrust Foundation (the "Foundation") is an organization dedicated to providing funding and collaborative support to non-profit groups that are working on environmental projects throughout the Province of Alberta. The Foundation was incorporated under the Societies Act of Alberta and is a federally registered charity under the Income Tax Act Section 149(1)(f) and therefore, exempt from the payment of income tax.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Revenue recognition

The Alberta Ecotrust Foundation follows the deferral method of accounting for contributions.

Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted grants and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services revenue is recognized in the year in which the services are provided.

Sponsorships and event revenues are recognized as revenue when the sponsored event is held.

Investment income includes interest and dividend is recognized as revenue on an accrual basis when it is earned.

AEF-CIF Investment income consists of interest, dividends and realized gains (losses) on disposition of investments. Investment income is recorded net of portfolio management fees and related fees. Changes in unrealized gains or losses are recorded in the statement of operations.

Unrealized gains or losses are measured between carrying value and fair market value as at reporting date.

The Alberta Ecotrust Climate Innovation Fund follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions not expended for which there is not a specified fund are deferred and recognized as revenue in the year in which the related expenses are recognized.

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THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

For the Year Ended December 31, 2021

2. Summary of significant accounting policies (*continued*)

Funds

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted grants related to specific projects conducted by the Foundation and for advancing to projects targeted to improve environmental benefits.

The EcoCity Edmonton Grant Fund ("EcoCity") received from the City of Edmonton and the Edmonton Community Foundation is for the purpose of advancing projects which would improve the environmental benefit of certain properties within the City of Edmonton.

The CitiesIPCC Legacy Research Grant Fund ("IPCC") received from the City of Edmonton is for the purpose of addressing climate change adaptation and mitigation and offering new or additional insight on elements of climate change adaptation and/or adaptation not yet answered for Edmonton or within 45 km of the City of Edmonton municipal boundaries.

The Calgary Climate Innovation Fund ("Calgary CIF") and the Edmonton Climate Innovation Fund ("Edmonton CIF") received from the Federation of Canadian Municipalities ("FCM") an endowment of \$21,700,858 each, for a total of \$43,401,716, for the purpose of supporting the Low Carbon Cities Canada program ("LC3") whose objectives will be achieved through investments, strategic grants, demonstration projects and/or other programs that address barriers and accelerate adoption of urban greenhouse gas emissions reductions solutions, while operating in collaboration with municipalities and local stakeholders.

Cash and cash equivalents

Cash includes cash on hand and in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and subject to an insignificant risk of change in value.

Property and equipment

Purchased property and equipment are recorded at cost. Assets are amortized over their useful lives using the straight line method as follows:

Computer equipment	3 years
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Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Grant commitments for the General Fund, Ecocity, and IPCC

Funding for projects approved by the Board of Directors of the Foundation are accrued as a liability and as an expenditure against revenues when the projects are approved. The liability is reduced as the projects are funded and may extend beyond one year.

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THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2021

2. Summary of significant accounting policies (*continued*)

Grant commitments for AEF-CIF (Note 9)

The Alberta Ecotrust Board of Directors sets the annual budget for the organization and the budget for each granting program. The Board delegates authority to grant selection committees to assist the Foundation staff by allocating the grant funding budget to eligible organizations that meet and fulfill the Foundation's mandate.

Approved one-time payment grants are reported as current liabilities and expenditures in the year. Approved grants which are in effect across several years are only recorded as current liabilities and expenditures in the year they become payable. Payment of the first installment of a grant for a project meeting the objectives of AEF is made after approval of the Board of Directors and on execution of an agreement.

Grants can be rescinded by AEF when the original granting conditions have not been met, or cannot be met, or when the applicant/recipient no longer needs the grant. The rescinded amounts are recognized in the year the grant is rescinded.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and cash equivalents, short term investments, and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and are tested for impairment at each reporting date. The financial assets measured at fair value include marketable securities and investments in equity instruments.

Marketable securities

The Foundation's investment policy states the investment limits for the Climate Innovation Fund endowments as percentages of the net asset value as follows:

Direct investments up to 20%, publicly traded equities up to 65%, alternative investments (real estate, infrastructure, private equity) up to 10% for each, and a minimum of 15% in fixed income.

AEF-CIF's equity instruments are categorized using a fair value hierarchy that reflects the significant inputs used in determining the fair values. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

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THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2021

2. Summary of significant accounting policies (*continued*)

Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions. Financial instruments included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

Donated services and materials

Donations of services and materials that would otherwise have been purchased are recorded at fair market value when an estimate can be reasonably determined.

Volunteers contribute significant hours to assist the Foundation with carrying out its programs. These contributed services are not recognized in the financial statements due to the difficulty of determining their fair value.

Management estimates

The preparation of financial statements in accordance 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 and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates required in the preparation of these financial statements include the determination of deferred contributions and accrued liabilities.

3. Endowment funds

In 2021 the Foundation received two endowments of \$nil (2020 - \$21,700,858) from the Federation of Canadian Municipalities ("FCM") to create the Calgary Climate Innovation Fund and the Edmonton Climate Innovation Fund respectively. These funds combined, include the amount of \$38,000,000 (2020 - \$38,000,000) to be endowed, with operating funds of \$5,401,716 and must be maintained in total as an internally-restricted fund. The Foundation may use the proceeds from the investment of the endowments for eligible expenses for each fund per the federal agreement. In the event of default, the total funds of \$43,401,716 are recoverable by the federal government.

During 2021 these endowments were transferred into long term investments per note 6.

4. Short term investment

During the year, on behalf of Ecocity, the Foundation purchased a \$nil (2020 - \$151,434) Cashable Guaranteed Investment Certificate bearing interest at nil% (2020 - 1.20%) per annum, matured on February 14, 2021.

As at December 31, 2021 on behalf of the General Fund, the Foundation holds Canadian equities valued at \$374,151 (2020 - \$334,009) that are managed by an investment manager.

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2021

5. Property and equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer and office equipment	\$ 45,307	\$ 38,921	\$ 6,386	\$ 6,041

6. Long term investments

AEF-CIF long term investments consist of pooled funds managed by an investment manager. At year end, the pooled funds consist of the following:

	CIF YYC	CIF YEG	2021	2020
Cash and cash equivalents	\$ 389,636	\$ 389,636	\$ 779,272	\$ -
Canadian bonds and fixed income securities	6,222,255	6,222,255	12,444,510	-
Canadian equities	5,129,887	5,129,886	10,259,773	-
US equities	3,015,962	3,047,628	6,063,590	-
EAFE equities	3,561,444	3,561,444	7,122,888	-
Alternative products	3,209,005	3,209,004	6,418,009	-
	\$ 21,528,189	\$ 21,559,853	\$ 43,088,042	\$ -

7. Internally restricted funds

Internally restricted funds are set aside to support future environmental projects and programs. The expenditure of the funds will be approved by the Board of Directors.

8. Interfund balances

As at December 31, 2021 the following interfund balances are outstanding:

- 1) General Fund payable of \$79,393 to the CIF YEG fund.
- 2) CIF YYC payable of \$117,298 to the CIF YEG fund.
- 3) CIF YEG receivable of \$196,691 from the General and CIF YYC funds.

THE ALBERTA ECOTRUST FOUNDATION

Notes to Financial Statements

For the Year Ended December 31, 2021

9. AEF-CIF grants committed and paid

Grants are funded from the AEF-CIF based on the project and proponent's characteristics. During the 2022 fiscal year, the board committed funds for CIF YYC of \$402,000 and for CIF YEG of \$528,710. As in accordance with the policy for these grants (*Note 2*), the current year payouts have been recognized in income of \$175,000 and \$139,000. The remaining committed amounts of \$227,000 and \$389,710 will be recognized when amounts are actually paid out to recipients.

	CIF YYC	CIF YEG
Balance, beginning of year	\$ -	\$ -
Grants committed during the year	402,000	528,710
Grants paid during the year(<i>Note 17</i>)	(175,000)	(139,000)
Balance of commitments end of year	\$ 227,000	\$ 389,710

10. Lease inducement

	2021	2020
Deferred lease inducement, beginning	\$ 17,653	\$ 20,815
Less: portion recognized in current period	(3,162)	(3,162)
	14,491	17,653
Current portion	(3,162)	(3,162)
Long term deferred lease inducement	\$ 11,329	\$ 14,491

The Foundation entered a new office lease agreement on July 2, 2019. The lease includes a 4 month rent free period as a lease inducement. These lease inducements will be recognized as revenue over the term of the lease, which ends July 31, 2026.

11. Lease commitments

The Foundation entered a new office lease agreement on July 2, 2019 with 7 year term commencing August 1, 2019 and expiring July 31, 2026. The future minimum lease payments excluding operating costs are as follows:

2022	\$ 67,654
2023	69,414
2024	69,414
2025	69,414
2026	40,492
	<u>\$ 316,388</u>

THE ALBERTA ECOTRUST FOUNDATION
Notes to Financial Statements
For the Year Ended December 31, 2021

12. Related party transactions

One of the employees is related to the CEO. The related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and with the approval of the Board.

13. Financial instruments

The Foundation is exposed to various risks through its financial instruments. There has been no change in risk exposure from prior year.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and commitments.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Foundation maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation is not exposed to interest rate risk on marketable securities held. During the year, the reported value of marketable securities was adjusted to fair value, resulting in unrealized gain on temporary investments of \$520,179 (2020 - \$42,597).

The Foundation mitigates interest rate risk by holding investments in equity instruments.

14. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by provincial and federal governments. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the business disruption and its related financial impact cannot be reasonably estimated at this time.

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15. Subsequent Events

(a) Subsequent to year end the Foundation received a grant of \$600,000 from the Edmonton Community Foundation for the annual General Fund granting cycle. On behalf of CIF YEG the Foundation also received \$200,000 from the City of Edmonton and \$150,000 from the Edmonton Community Foundation.

(b) Subsequent to year end the Foundation obtained a revolving demand facility up to \$300,000 with an interest rate of prime plus 0.75%.

(c) Subsequent to year-end, the financial markets are being impacted by the war in Ukraine, COVID related supply chain issues, inflation, and rising interest rates. The investments are reported at the value of \$43,088,042 on December 31, 2021, while the value as of March 31, 2022 is \$41,420,506. The extent of any further impact on the Foundation's investments are not known.

16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year excess of revenue over expenses from operations.

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17. Deferred contributions and grant commitment

	General Fund	EcoCity Edmonton Grant Fund	CitiesIPCC Legacy Research Grant Fund	Calgary Climate Innovation Fund	Edmonton Climate Innovation Fund	2021	2020
Deferred contributions related to operations							
Balance - beginning of year	\$ 679,378	\$ 59,215	\$ 98,252	\$ 2,034	\$ 1,896	\$ 840,775	\$ 1,460,006
Grant received	-	-	100,001	332,249	969,324	1,401,574	801,755
Endowment allocation	-	-	-	184,207	183,907	368,114	373,316
Other contributions received	-	-	-	10,000	10,000	20,000	50,000
Grant commitments approved	-	-	-	-	-	-	(100,000)
Revenue recognized	(603,911)	-	(148,007)	(368,415)	(553,690)	(1,674,023)	(1,702,302)
Deferred contributions related to operations total	\$ 75,467	\$ 59,215	\$ 50,246	\$ 160,075	\$ 611,437	\$ 956,440	\$ 882,775
Grant commitments							
Balance - beginning of year	\$ 525,783	\$ 122,779	\$ 57,449	\$ -	\$ -	\$ 706,011	\$ 475,549
Grant commitment approved (Note 9)	583,906	-	148,007	175,000	139,000	1,045,913	979,650
Grant commitment paid	(639,151)	(53,384)	(117,451)	(25,000)	(50,000)	(884,986)	(791,188)
Grant commitments total	\$ 470,538	\$ 69,395	\$ 88,005	\$ 150,000	\$ 89,000	\$ 866,938	\$ 664,011
Foundation and grant revenue							
Edmonton Community Foundation	\$ 583,906	\$ -	\$ -	\$ -	\$ 127,500	\$ 711,406	\$ 602,912
City of Edmonton fund	-	-	-	-	11,500	11,500	235,000
Cities IPCC	-	-	148,007	-	-	148,007	142,288
Government of Alberta	20,005	-	-	-	-	20,005	68,774
Other Foundations	10,555	-	-	81,559	81,558	173,672	159,392
Foundation and grant revenue total	\$ 614,466	\$ -	\$ 148,007	\$ 81,559	\$ 220,558	\$ 1,064,590	\$ 1,208,366