

THE EARTH RANGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021



INDEPENDENT AUDITORS' REPORT

To the Members of The Earth Rangers Foundation

Opinion

We have audited the financial statements of The Earth Rangers Foundation, which comprise the statement of financial position as at December 31, 2021, and the statements of operations and 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 The Earth Rangers Foundation as at December 31, 2021, and its financial performance 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 Earth Rangers Foundation 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 The Earth Rangers 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 Earth Rangers Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Earth Rangers Foundation's financial reporting process.

INDEPENDENT AUDITORS' REPORT, CONTINUED

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. 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 Earth Rangers' 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 Earth Rangers' 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 Earth Rangers 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.



Mississauga, Ontario
May 9, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



THE EARTH RANGERS FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020 (Note 16)
ASSETS		
Current		
Cash and cash equivalents	\$ 3,870,380	\$ 3,295,508
Short-term investments (Note 6)	101,702	101,600
Accounts receivable (Note 3)	262,416	106,342
HST rebate recoverable	71,294	73,126
Prepaid expenses	<u>122,833</u>	<u>153,600</u>
	4,428,625	3,730,176
Capital assets (Note 4)	16,722,245	17,564,016
Prepaid lease (Note 5)	<u>588,342</u>	<u>621,018</u>
	<u>\$ 21,739,212</u>	<u>\$ 21,915,210</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 246,833	\$ 198,403
Deferred revenue	763,860	758,854
Deferred contributions (Note 8)	<u>2,809,580</u>	<u>2,237,315</u>
	3,820,273	3,194,572
Contributions used to fund capital assets (Note 9)	<u>16,722,245</u>	<u>17,564,016</u>
	<u>20,542,518</u>	<u>20,758,588</u>
COMMITMENTS (Note 12)		
COVID-19 (Note 15)		
NET ASSETS		
	<u>1,196,694</u>	<u>1,156,622</u>
	<u>\$ 21,739,212</u>	<u>\$ 21,915,210</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, 2021

	<i>Programs 2021 (Note 2g)</i>	<i>Other 2021 (Note 2g)</i>	<i>Total 2021</i>	<i>Programs 2020 (Notes 2g & 16)</i>	<i>Other 2020 (Notes 2g & 16)</i>	<i>Total 2020 (Note 16)</i>
Revenue						
Donations (Note 7)	\$ 1,240,712	\$ -	\$ 1,240,712	\$ 1,139,077	\$ -	\$ 1,139,077
The Schad Foundation donation (Note 8)	-	896,704	896,704	-	1,214,042	1,214,042
Government and other grants	945,133	-	945,133	389,802	-	389,802
Other (Note 13)	-	200,234	200,234	67,384	122,030	189,414
Sponsorship	1,541,053	-	1,541,053	917,930	-	917,930
Amortization of contributions to fund capital assets (Note 9)	-	872,802	872,802	-	923,029	923,029
Interest	-	7,147	7,147	-	15,633	15,633
	<u>3,726,898</u>	<u>1,976,887</u>	<u>5,703,785</u>	<u>2,514,193</u>	<u>2,274,734</u>	<u>4,788,927</u>
Government Assistance (Note 3)	49,702	303,883	353,585	691,136	-	691,136
	<u>3,776,600</u>	<u>2,280,770</u>	<u>6,057,370</u>	<u>3,205,329</u>	<u>2,274,734</u>	<u>5,480,063</u>
Expenses						
Operating	3,710,817	1,367,896	5,078,713	3,132,951	1,302,895	4,435,846
Depreciation of capital assets	-	872,802	872,802	-	923,029	923,029
External program costs	65,783	-	65,783	72,378	-	72,378
	<u>3,776,600</u>	<u>2,240,698</u>	<u>6,017,298</u>	<u>3,205,329</u>	<u>2,225,924</u>	<u>5,431,253</u>
Excess of revenue over expenses for the year	-	40,072	40,072	-	48,810	48,810
Net assets, beginning of year	-	1,156,622	1,156,622	-	1,107,811	1,107,811
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,196,694</u>	<u>\$ 1,196,694</u>	<u>\$ -</u>	<u>\$ 1,156,621</u>	<u>\$ 1,156,621</u>

See accompanying notes to the financial statements



THE EARTH RANGERS FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020 <i>(Note 16)</i>
Cash flows from operating activities		
Excess of revenue over expenses	\$ 40,072	\$ 48,810
Adjustments for items not affecting cash		
Depreciation of capital assets	872,802	923,029
Amortization of prepaid lease	32,676	32,676
Amortization of contributions used to fund capital assets	(872,802)	(923,029)
Change in non-cash working capital items (Note 11)	<u>502,226</u>	<u>517,885</u>
	<u>574,974</u>	<u>599,371</u>
Cash flows from investing activities		
Purchase of capital assets	(31,031)	(25,456)
Purchase of short-term investments, net of maturities	<u>(102)</u>	<u>(1,600)</u>
	<u>(31,133)</u>	<u>(27,056)</u>
Cash flows from financing activities		
Contributions restricted for capital purposes	<u>31,031</u>	<u>25,456</u>
Increase in cash and cash equivalents	574,872	597,771
Cash and cash equivalents, beginning of year	<u>3,295,508</u>	<u>2,697,737</u>
Cash and cash equivalents, end of year	<u>\$ 3,870,380</u>	<u>\$ 3,295,508</u>

See accompanying notes to the financial statements



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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 is a registered charity and is exempt from income taxes. 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 are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed 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

FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Financial instruments

Financial instruments are initially measured and recorded in the financial statements at fair value. Short-term investments are subsequently measured at fair value, and all other financial assets are subsequently measured at cost. Financial liabilities are subsequently measured at amortized cost. For this purpose, cost is deemed to be the amount of the financial liability at the time it was originally recognized.

(c) 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 and application software	Straight-line	3 years
Land improvements	Straight-line	10 years

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.

Earth Rangers allocates salary and benefit costs related to personnel who work directly on the development of capital assets, including the website and application software.

(d) Prepaid lease payments

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



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) 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.

(g) 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, if not otherwise funded by another external source.

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

(h) 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, government assistance, and contributions used to fund capital assets.

(i) Reporting of controlled entities

Earth Rangers reports its financial results on a non-consolidated basis from the results of The Earth Rangers USA Foundation, a controlled not-for-profit organization incorporated in the United States.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. GOVERNMENT ASSISTANCE

Earth Rangers was eligible to receive funding from the Federal government under both the Temporary Wage Subsidy (TWS) and the Canada Emergency Wage Subsidy (CEWS) programs. Under the TWS program, Earth Rangers is entitled to receive 10% of employee's wages up to a maximum of \$25,000. There were no claims made under the TWS program to December 31, 2021 (2020 - \$25,000). Under the CEWS program, Earth Rangers is entitled to receive up to 75% of an employee's wages up to a set amount per week. The amount claimed under the CEWS program to December 31, 2021 amounted to \$353,585 (2020 - \$666,136), none of which is included in accounts receivable (2020 - \$18,925).

4. CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2021 Net</i>
Building	\$ 26,664,399	\$ 10,256,958	\$ 16,407,441
Automotive equipment	106,994	76,424	30,570
Furniture, fixtures, tools and equipment	2,188,612	2,096,380	92,232
Land improvements	1,662,387	1,630,947	31,440
Application software	314,995	201,227	113,768
Website	3,800,847	3,799,464	1,383
Data and AV equipment	1,805,782	1,762,773	43,009
Shows	44,980	42,578	2,402
	<u>\$ 36,588,996</u>	<u>\$ 19,866,751</u>	<u>\$ 16,722,245</u>

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2020 Net</i>
Building	\$ 26,639,830	\$ 9,590,826	\$ 17,049,004
Automotive equipment	106,994	70,426	36,568
Furniture, fixtures, tools and equipment	2,182,149	2,080,719	101,430
Land improvements	1,662,387	1,618,743	43,644
Application Software	314,995	96,239	218,756
Website	3,800,847	3,779,093	21,754
Data and AV equipment	1,805,782	1,717,544	88,238
Shows	44,980	40,358	4,622
	<u>\$ 36,557,964</u>	<u>\$ 18,993,948</u>	<u>\$ 17,564,016</u>

Included in furniture, fixtures, tools and equipment is \$39,229 (2020 - \$39,229) worth of artwork that is not subject to depreciation.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

5. 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.

6. CREDIT FACILITY

Earth Rangers has a revolving demand facility of \$500,000 that is due on demand and bears interest at the bank's prime rate + 0.74%, in addition to a \$100,000 credit card facility. The facilities are secured by a general security agreement constituting a first ranking security interest in all personal property of Earth Rangers, including the guaranteed investment certificate held in the amount of \$101,702 as collateral. As at December 31, 2021, Earth Rangers has not used its demand facility (2020 - nil) and has accessed \$41,406 of its available credit card facility (2020 - \$38,174), included in Accounts payable and accrued liabilities.

7. DONATIONS

	2021	2020
Foundations and other registered charities	\$ 908,712	\$ 797,200
Individuals	258,965	275,961
Other private sources	73,035	65,916
	<u>\$ 1,240,712</u>	<u>\$ 1,139,077</u>

8. 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:

	2021	2020 <i>(Note 16)</i>
Balance, beginning of year	\$ 2,237,315	\$ 1,826,813
Amount of externally restricted donations received (Note 10)	1,500,000	1,650,000
Deferred contributions recognized as donation revenue	(896,704)	(1,214,042)
Transfer of deferred contributions to fund capital assets (Note 9)	(31,031)	(25,456)
	<u>\$ 2,809,580</u>	<u>\$ 2,237,315</u>



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

9. 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:

	2021	2020
Balance, beginning of year	\$ 17,564,016	\$ 18,461,799
Restricted contributions transferred from deferred contributions (Note 8)	31,031	25,246
Depreciation	(872,802)	(923,029)
	<u>\$ 16,722,245</u>	<u>\$ 17,564,016</u>

10. RELATED PARTY TRANSACTIONS

Earth Rangers is related to The Schad Foundation by virtue of common members. 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 (2020 - \$1,500,000) from The Schad Foundation which were recorded as deferred contributions (Note 8).

Earth Rangers provides administrative services to the Schad Foundation. For the year ended December 31, 2021, Earth Rangers invoiced \$30,000 (2020 - \$19,500) for services performed for The Schad Foundation.

Earth Rangers is also related to The Earth Rangers USA Foundation by virtue of Earth Rangers' right to appoint the 2 members of their Board of Directors. The Earth Rangers USA Foundation shares the same purpose as Earth Rangers, with its intended community of service being the United States of America. The Earth Rangers USA Foundation was incorporated on September 13, 2021. There are no restrictions on the resources controlled by the entity, and there are no significant differences in accounting policies from the controlling entity.

The financial position of The Earth Rangers USA Foundation reflects assets, liabilities, and net assets of nil as at December 31, 2021. Revenues, expenses, and cash flow from operations for the year ended December 31, 2021 are also nil.

Earth Rangers paid professional fees of \$12,139 to incorporate and organize The Earth Rangers USA Foundation. This amount has been expensed in Earth Rangers.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

11. CHANGE IN NON-CASH WORKING CAPITAL

	2021	2020 (Note 16)
Accounts receivable	\$ (156,074)	\$ 57,643
Prepaid expenses (and deposits)	30,767	67,285
Accounts payable and accrued liabilities	48,430	(74,655)
HST rebate recoverable	1,832	(3,580)
Deferred revenue	5,006	60,690
Deferred contributions	572,265	410,502
	<u>\$ 502,226</u>	<u>\$ 517,885</u>

12. COMMITMENTS

As at December 31, 2021, the Earth Rangers has the following outstanding commitments with respect to leased vehicles:

2022	\$ 25,746
2023	<u>13,597</u>
	<u>\$ 39,343</u>

13. OTHER REVENUE

	2021	2020
Conference and events	\$ -	\$ 7,100
Community programs	2,000	-
Feed-in Tariff	51,447	45,777
Rent	83,862	83,862
Gear sales	23,679	24,713
Shared services revenue	30,000	19,500
Miscellaneous	9,246	8,462
	<u>\$ 200,234</u>	<u>\$ 189,414</u>

14. 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. The carrying value of these instruments approximate their fair value due to their immediate or short-term liquidity.

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.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. COVID-19

The global spread of the COVID-19 virus has continued to create material uncertainty for business continuity across a broad range of industries. The economic impact of the virus could continue to be severe and long lasting as unprecedented measures are being taken to mitigate the consequences of the pandemic. Management is carefully monitoring and evaluating the impact, however, no adjustments have been made to these financial statements as a result of this uncertainty.

16. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect a prepaid amount which was previously recorded as an expense for the year ended December 31, 2020. As a result, Prepaid expenses and Deferred contributions on the statement of financial position as at December 31, 2020 have been increased by \$38,042, and Operating expenses under Programs and The Schad Foundation donation on the statement of operations have been decreased by \$38,042.

The changes do not affect prior year earnings or Net assets.

