

THE EARTH RANGERS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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, 2020, 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 The Earth Rangers Foundation as at December 31, 2020, 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 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 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 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 The Earth Rangers Foundation'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. 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:

INDEPENDENT AUDITORS' REPORT, CONTINUED

- ◆ 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 5, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



THE EARTH RANGERS FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	\$ 3,295,508	\$ 2,697,737
Short-term investments	101,600	100,000
Accounts receivable (Note 3)	106,342	163,985
HST rebate recoverable	73,126	69,546
Prepaid expenses	115,558	220,885
	<u>3,692,134</u>	<u>3,252,153</u>
Capital assets (Note 4)	17,564,016	18,461,589
Prepaid lease (Note 5)	621,018	653,694
	<u>\$ 21,877,168</u>	<u>\$ 22,367,436</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 198,403	\$ 273,059
Deferred revenue	758,854	698,164
Deferred contributions (Note 6)	2,199,273	1,826,813
	<u>3,156,530</u>	<u>2,798,036</u>
Contributions used to fund capital assets (Note 7)	17,564,016	18,461,589
	<u>20,720,546</u>	<u>21,259,625</u>
COMMITMENTS (Note 10)		
COVID-19 (Note 13)		
NET ASSETS	<u>1,156,622</u>	<u>1,107,811</u>
	<u>\$ 21,877,168</u>	<u>\$ 22,367,436</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, 2020

	Programs 2020 (note 2f)	Other 2020 (note 2f)	Total 2020	Programs 2019 (note 2f)	Other 2019 (note 2f)	Total 2019
Revenue						
Donations	\$ 1,139,077	\$ -	\$ 1,139,077	\$ 1,111,852	\$ -	\$ 1,111,852
The Schad Foundation donation (Note 6)	-	1,252,084	1,252,084	-	1,181,683	1,181,683
Government and other grants	389,802	-	389,802	681,264	-	681,264
Other (Note 11)	105,426	83,988	189,414	20,865	195,601	216,466
Sponsorship	917,930	-	917,930	1,250,834	-	1,250,834
Amortization of contributions to fund capital assets (Note 7)	-	923,029	923,029	-	896,204	896,204
Interest	-	15,633	15,633	-	32,495	32,495
	<u>2,552,235</u>	<u>2,274,734</u>	<u>4,826,969</u>	<u>3,064,815</u>	<u>2,305,983</u>	<u>5,370,798</u>
Government Assistance (Note 3)	691,136	-	691,136	-	-	-
	<u>3,243,371</u>	<u>2,274,734</u>	<u>5,518,105</u>	<u>3,064,815</u>	<u>2,305,983</u>	<u>5,370,798</u>
Expenses						
Operating	3,170,993	1,302,895	4,473,888	2,949,815	1,347,396	4,297,211
Depreciation of capital assets	-	923,029	923,029	-	896,204	896,204
External program costs	72,378	-	72,378	115,000	-	115,000
	<u>3,243,371</u>	<u>2,225,924</u>	<u>5,469,295</u>	<u>3,064,815</u>	<u>2,243,600</u>	<u>5,308,415</u>
Excess of revenue over expenses for the year	-	48,810	48,810	-	62,383	62,383
Net assets, beginning of year	-	1,107,811	1,107,811	-	1,045,428	1,045,428
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,156,621</u>	<u>\$ 1,156,621</u>	<u>\$ -</u>	<u>\$ 1,107,811</u>	<u>\$ 1,107,811</u>

See accompanying Notes to the financial statements



THE EARTH RANGERS FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Cash flows from operating activities		
Excess of revenue over expenses	\$ 48,810	\$ 62,383
Adjustments for items not affecting cash		
Depreciation of capital assets	923,029	896,204
Amortization of prepaid lease	32,676	32,676
Amortization of contributions used to fund capital assets	(923,029)	(896,204)
Change in non-cash working capital items (Note 9)	517,885	96,205
	<u>599,371</u>	<u>191,264</u>
Cash flows from investing activities		
Purchase of capital assets	(25,456)	(378,596)
Purchase of short-term investments, net of maturities	(1,600)	(100,000)
	<u>(27,056)</u>	<u>(478,596)</u>
Cash flows from financing activities		
Contributions restricted for capital purposes	<u>25,456</u>	<u>378,596</u>
Increase in cash and cash equivalents	597,771	91,264
Cash and cash equivalents, beginning of year	<u>2,697,737</u>	<u>2,606,473</u>
Cash and cash equivalents, end of year	<u>\$ 3,295,508</u>	<u>\$ 2,697,737</u>

See accompanying Notes to the financial statements



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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 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

FOR THE YEAR ENDED DECEMBER 31, 2020

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.

(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.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

3. GOVERNMENT ASSISTANCE

Earth Rangers was eligible to receive funding from the 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. The amount claimed under the TWS program to December 31, 2020 amounted to \$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, 2020 amounted to \$666,136, of which \$18,925 is included in accounts receivable.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. CAPITAL ASSETS

	<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>

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2019 Net</i>
Building	\$ 26,632,062	\$ 8,924,728	\$ 17,707,334
Automotive equipment	106,994	64,357	42,637
Furniture, fixtures, tools and equipment	2,182,149	2,057,165	124,984
Land improvements	1,662,387	1,606,530	55,857
Application software	314,995	-	314,995
Website	3,800,847	3,719,061	81,786
Data and AV equipment	1,794,751	1,660,755	133,996
Shows	38,323	38,323	-
	<u>\$ 36,532,508</u>	<u>\$ 18,070,919</u>	<u>\$ 18,461,589</u>

Included in furniture, fixtures, tools and equipment is \$39,229 (2019 - \$39,229) worth of artwork that is not subject to depreciation.

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.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

6. 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:

	2020	2019
Balance, beginning of year	\$ 1,826,813	\$ 1,737,092
Amount of externally restricted donations received (Note 8)	1,650,000	1,650,000
Deferred contributions recognized as donations revenue	(1,252,084)	(1,181,683)
Transfer of deferred contributions to fund capital assets (Note 7)	(25,456)	(378,596)
	<u>\$ 2,199,273</u>	<u>\$ 1,826,813</u>

7. 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:

	2020	2019
Balance, beginning of year	\$ 18,461,799	\$ 18,979,196
Restricted contributions transferred from deferred contributions (Note 6)	25,246	378,596
Depreciation	(923,029)	(896,204)
	<u>\$ 17,564,016</u>	<u>\$ 18,461,589</u>

8. 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 (2019 - \$1,500,000) from The Schad Foundation which were recorded as deferred contributions (Note 6).

Earth Rangers provides administrative services to the Schad Foundation. For the year ended December 31, 2020, Earth Rangers invoiced \$19,500 (2019 - \$6,000) for services performed for The Schad Foundation.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

9. CHANGE IN NON-CASH WORKING CAPITAL

	2020	2019
Accounts receivable	\$ 57,643	\$ 274,636
Prepaid expenses	105,327	(112,199)
Accounts payable and accrued liabilities	(74,655)	(46,076)
HST rebate recoverable	(3,580)	(10,092)
Deferred revenue	60,690	(99,785)
Deferred contributions	372,460	89,721
	<u>\$ 517,885</u>	<u>\$ 96,205</u>

10. COMMITMENTS

As at December 31, 2020, Earth Rangers has the following outstanding commitments with respect to leased vehicles:

2021	\$ 25,746
2022	25,746
2023	<u>13,597</u>
	<u>\$ 65,089</u>

11. OTHER REVENUE

	2020	2019
Conference and events	\$ 7,100	\$ 33,300
Community programs	-	20,500
Feed-in Tariff	45,777	48,916
Rent	83,862	83,862
Gear sales	24,713	26,811
Shared services revenue	19,500	-
Miscellaneous	8,462	3,077
	<u>\$ 189,414</u>	<u>\$ 216,466</u>

In the prior year, the amount received for shared services was recorded against operating expenses on the statement of operations.



THE EARTH RANGERS FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

12. 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.

13. 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.

