# Salal Foundation
## Financial Statements
**For the year ended December 31, 2020**

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### For the year ended December 31, 2020

**Contents**

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# Independent Auditor's Report

**To the Board of Directors of**
**Salal Foundation**

*Opinion*
We have audited the financial statements of Salal Foundation (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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 Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Basis for Opinion*
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of Matter*
We draw attention to Note 2 to the financial statements, which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on January 1, 2020 with a transition date of January 1, 2019. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2019 and January 1, 2019 and the statement of operations, changes in net assets and cash flows for the year ended December 31, 2019. Our opinion is not modified in respect of this matter. We were not engaged to report on the comparative information, and as such, it is unaudited.

*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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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:

- 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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP
Chartered Professional Accountants

Lacombe, Alberta
May 31, 2021

# Salal Foundation
## Statement of Financial Position

| December 31 | | 2020 | | 2019 (unaudited) | | January 1, 2019 (unaudited) |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current** | | | | | | |
| Cash (Note 3) | $ | **397,327** | $ | 259,843 | $ | 580,993 |
| Marketable securities(at market) | | **3,242** | | 3,872 | | 4,238 |
| Accounts receivable | | **55,226** | | 19,747 | | 11,470 |
| | | **455,795** | | 283,462 | | 596,701 |
| **Property (Note 4)** | | **1,763** | | 3,686 | | - |
| | $ | **457,558** | $ | 287,148 | $ | 596,701 |
| **Liabilities and Net Assets** | | | | | | |
| **Current** | | | | | | |
| Accounts payable and accrued liabilities | $ | **61,163** | $ | 25,318 | $ | 12,810 |
| Deferred revenue (Note 5) | | **330,232** | | 187,134 | | 519,962 |
| | | **391,395** | | 212,452 | | 532,772 |
| **Net assets** | | | | | | |
| Invested in capital assets | | **1,763** | | 3,686 | | - |
| Unrestricted | | **64,400** | | 71,010 | | 63,929 |
| | | **66,163** | | 74,696 | | 63,929 |
| | $ | **457,558** | $ | 287,148 | $ | 596,701 |

Approved on behalf of the board:

______________________, Member      ______________________, Member

The accompanying notes are an integral part of these financial statements.

## Salal Foundation
## Statement of Changes in Net Assets

| For the year ended December 31 | | | 2020 |
| --- | --- | --- | --- |
| | Invested in capital assets | Unrestricted | Total |
| **Balance, beginning of year** | $ 3,686 | $ 71,010 | **$ 74,696** |
| Deficiency of revenue over expenditures for the year | - | (8,533) | **(8,533)** |
| Amortization | (1,923) | 1,923 | **-** |
| **Balance, end of year** | $ 1,763 | $ 64,400 | **$ 66,163** |

| For the year ended December 31 | | | 2019 (unaudited) |
| --- | --- | --- | --- |
| | Invested in capital assets | Unrestricted | Total |
| **Balance, beginning of year** | $ - | $ 63,929 | $ 63,929 |
| Excess of revenue over expenditures for the year | - | 10,767 | 10,767 |
| Acquisition of assets | 3,846 | (3,846) | - |
| Amortization | (160) | 160 | - |
| **Balance, end of year** | $ 3,686 | $ 71,010 | $ 74,696 |

The accompanying notes are an integral part of these financial statements.

# Salal Foundation
# Statement of Operations

| For the year ended December 31 | 2020 | 2019 (unaudited) |
|---|---|---|
| **Revenue** | | |
| Grants & contributions - Canadian | **$ 715,598** | $ 612,050 |
| Grants & contributions - foreign | **286** | 281,773 |
| Donations | **125,595** | 100,560 |
| Interest and dividends | **371** | 8,840 |
| Government grants | **5,898** | - |
| Gain (loss) on investments | **(630)** | (365) |
| Gain (loss) on foreign exchange | **(460)** | (21) |
| | **846,658** | 1,002,837 |
| **Expenditures** | | |
| Amortization | **1,923** | 160 |
| Contract service | **667,468** | 881,036 |
| GST expense | **14,216** | 19,822 |
| Insurance | **1,020** | 975 |
| Interest and bank charges | **259** | 325 |
| Office | **4,415** | 9,836 |
| Office and administration | **33,747** | 65,724 |
| Professional fees | **1,695** | 7,761 |
| Rental & retreats | **-** | 290 |
| Travel | **2,065** | 6,141 |
| Wages and benefits | **128,383** | - |
| | **855,191** | 992,070 |
| **Excess (deficiency) of revenue over expenditures for the year** | **$ (8,533)** | $ 10,767 |

The accompanying notes are an integral part of these financial statements.

# Salal Foundation
## Statement of Cash Flows

| For the year ended December 31 | 2020 | 2019 (unaudited) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Excess (deficiency) of revenue over expenditures for the year | **$ (8,533)** | $ 10,767 |
| Adjustment for non-cash item | | |
| Amortization | **1,923** | 160 |
| | **(6,610)** | 10,927 |
| Change in non-cash working capital items | | |
| Decrease in marketable securities | **630** | 366 |
| Increase in accounts receivable | **(35,479)** | (8,277) |
| Increase in accounts payable and accrued liabilities | **35,845** | 12,509 |
| Increase (decrease) in deferred revenue | **143,098** | (332,828) |
| | **137,484** | (317,303) |
| **Cash flows from investing activity** | | |
| Purchase of property | **-** | (3,847) |
| **Cash flows from financing activities** | **-** | - |
| **Increase (decrease) in cash during the year** | **137,484** | (321,150) |
| **Cash, beginning of year** | **259,843** | 580,993 |
| **Cash, end of year** | **$ 397,327** | $ 259,843 |

The accompanying notes are an integral part of these financial statements.

### Nature of operations

Salal Foundation (the "Organization") is incorporated under the British Columbia Society Act, and is a registered Canadian charity #898470513RR0001 and, as such, is exempt from income tax and may issue income tax receipts to donors.

Salal Foundation is based in Victoria, British Columbia dedicated to best practices for Canada's water, land and marine resources. Salal has been established to protect the environment by encouraging best practices in the transport, storage and use of toxic substances. Through our initiatives we investigate best practices for the use of Canada's water, land and marine resources and the impact of such use upon economic and social policies. We are committed to sharing our results by publishing and circulating reports and by providing forums for the public discussion of such research.

### 1. Summary of significant accounting policies

**Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

**Property**

Property is recorded at cost. The Organization provides for amortization using the straight-line method at rates designed to amortize the cost of the property over its estimated useful life. The annual amortization rate is as follows:

| **Asset** | **Rate** |
|---|---|
| Computer equipment | 2 years |

**Revenue recognition**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of property that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired property. Externally restricted contributions for the purchase of property that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

**Government assistance**

Government and other grants related to property are accounted for as deferred government assistance and amortized on the same basis as the related property. Operating grants are accounted for as revenue when earned.

## 1. Summary of significant accounting policies (continued)

**Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed up by the related parties.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income.

**Foreign exchange**

Monetary assets and liabilities of the Organization which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

**Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

## 2. Impact of the change in the basis of accounting

Effective January 1, 2020, the Organization adopted the requirements of the accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the CPA Canada Handbook – Accounting. These are the Organization’s first financial statements prepared in accordance with this framework. First-time adoption of this basis of accounting had no impact on the Organization’s excess of revenues over expenses for the year ended December 31, 2019 or on net assets as at January 1, 2019, the date of transition.

## 3. Cash

Cash includes a non-interest bearing chequing account, a savings account bearing interest at 0.45%, maturing September 2021, and a US Dollar Savings account.

Included in cash is $311,420 in restricted contributions.

## 4. Property

| | 2020 | | 2019 (unaudited) | |
|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | Cost | Accumulated Amortization |
| Computer equipment | **$ 3,846** | **$ 2,083** | $ 3,846 | $ 160 |
| **Net book value** | | **$ 1,763** | | $ 3,686 |

## 5. Deferred revenue

| | Balance, beginning of year | Received | Recognized | **Balance, end of year** |
|---|---|---|---|---|
| Priority 2 | $ - | $ 34,500 | $ (15,508) | **$ 18,992** |
| Priority 5 | 30,000 | - | (30,000) | **-** |
| Priority 7 | 74,075 | 574,442 | (419,245) | **229,272** |
| Priority 8 | 30,100 | 115,000 | (125,100) | **20,000** |
| Priority 11 | 480 | 100,265 | (68,777) | **31,968** |
| Priority 13 | 31,060 | 150,270 | (151,330) | **30,000** |
| Priority 14 | - | 10,000 | (10,000) | **-** |
| Administration | - | 100 | (100) | **-** |
| Air/ Energy | 21,419 | - | (21,419) | **-** |
| | $ 187,134 | $ 984,577 | $ (841,479) | **$ 330,232** |

The Organization defers revenues by priorities as set by the Board of Directors. Funds are allocated to priorities based on direction provided by external donors and grant agreements. The priorities for the 2020 year were as follows:

Priority 2 - Capacity Building
Priority 5 - Diversifying Canada's Fibre Basket
Priority 7 - Greening Canadian Industries
Priority 8 - Protecting Forests
Priority 11 - Sustainable Marine Ecosystem and Fisheries
Priority 13 - Test Innovative Engagement
Priority 14 - Enhancing Democracy
Administration - General costs
Air/ Energy - Previous Initiative

## 6. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations.

The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

## 7. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization received $127,161 CDN in grants from US organizations in USD during the year. The funds are held in a USD account until transferred to the CDN account by management. As at December 31, 2020, cash of $151,749 (2019 - $27,096) is held in US dollars and converted into Canadian dollars.

(b) Credit risk
The Organization does have credit risk in accounts receivable of $55,226 (2019 - $19,747). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization has limited exposure to credit risk as the receivables include GST rebates receivable from the Government of Canada and grants receivable from organizations where there is a signed grant agreement in place.