

Earthroots Fund

Financial Statements

December 31, 2024



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May 14, 2025

Independent Auditors' Report

To the Board of Directors of Earthroots Fund

Qualified Opinion

We have audited the accompanying financial statements of Earthroots Fund, which comprise the balance sheet as at December 31, 2024 and the statements of operations and changes in 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Earthroots Fund as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Earthroots Fund derives revenue from public donations and fundraising events, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the audit. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Earthroots Fund. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2024 and 2023, current assets as at December 31, 2024 and 2023, and net assets at the beginning and end of the 2024 and 2023 year-ends. Our opinion on the financial statements as at and for the year ended December 31, 2023 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Earthroots Fund in accordance with the ethical requirements that are relevant to our audit of 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 qualified 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 Earthroots Fund'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 Earthroots Fund or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Earthroots Fund's financial reporting process.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

Auditors' 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 auditors' 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 judgement 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 Earthroots Fund'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 Earthroots Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Earthroots Fund 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.

Chaplin & Co. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

Earthroots Fund

Balance Sheet

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		December 31	
	Notes	2024	2023
Assets			
Current			
Cash and cash equivalents		\$ 213,161	\$ 198,749
Amounts receivable		-	12,116
Public Service Bodies rebate receivable		8,637	4,926
Prepaid expenses		-	3,253
Lease deposit, April 30, 2024		-	2,092
		<u>221,798</u>	<u>221,136</u>
Lease deposit, April 30, 2027		2,092	-
		<u>\$ 223,890</u>	<u>\$ 221,136</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 5,600	\$ 16,108
Due to Earthroots Coalition	2	70,131	67,035
Deferred revenue	3	87,863	74,500
Canada Emergency Business Account loan payable	4	-	40,000
		<u>163,594</u>	<u>197,643</u>
Net assets		<u>60,296</u>	<u>23,493</u>
		<u>\$ 223,890</u>	<u>\$ 221,136</u>

See accompanying notes

**Approved on behalf of the Board of Directors of
Earthroots Fund:**



Gord Miller, Chair



Julia Dalla Rosa, Treasurer

Earthroots Fund

Statement of Operations and Changes in Net Assets

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	Notes	Year ended December 31	
		2024	2023
Revenue			
Grants	3	\$ 326,943	\$ 115,691
Donations and fundraising		86,797	93,087
Interest income		1,644	3,593
Wolf adoption		520	2,045
		<u>415,904</u>	<u>214,416</u>
Expenses			
Charitable		265,974	166,800
Fundraising		33,603	43,154
Administrative		79,524	66,084
		<u>379,101</u>	<u>276,038</u>
Excess of revenue over expenses (expenses over revenue) for the year		36,803	(61,622)
Net assets, beginning of year		<u>23,493</u>	<u>85,115</u>
Net assets, end of year		<u>\$ 60,296</u>	<u>\$ 23,493</u>

See accompanying notes



Earthroots Fund

Statement of Cash Flows

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	Year ended December 31	
	2024	2023
Cash provided by (used in)		
Operations		
Excess of revenue over expenses (expenses over revenue for the year)	\$ 36,803	\$ (61,622)
Changes in non-cash working capital items:		
Amounts receivable	12,116	4,259
Public Service Bodies rebate receivable	(3,711)	12,459
Prepaid expenses	3,253	(176)
Accounts payable and accrued liabilities	(10,508)	8,274
Deferred revenue	13,363	45,333
	<u>51,316</u>	<u>8,527</u>
Financing		
Due to Earthroots Coalition	3,096	12,660
Repayment of Canada Emergency Business Account loan payable	(40,000)	-
	<u>(36,904)</u>	<u>12,660</u>
Change in cash and cash equivalents during year	14,412	21,187
Cash and cash equivalents, beginning of year	<u>198,749</u>	<u>177,562</u>
Cash and cash equivalents, end of year	<u>\$ 213,161</u>	<u>\$ 198,749</u>

See accompanying notes

Earthroots Fund, which was incorporated without share capital under the provisions of Part II of the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act.

Earthroots Fund works to promote the protection of Canada's wilderness, wildlife and watersheds through advocacy and campaign work.

Earthroots Fund is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

1. Summary of significant accounting policies

Basis of presentation

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organization.

Financial instruments

Earthroots Fund's financial instruments include cash, amounts receivable, due from Earthroots Coalition, accounts payable and accrued liabilities and due to Earthroots Coalition, which are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value.

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

Earthroots Fund follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred revenue.

Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the Fund are not recorded in the accounts.

Allocation of expenses

Earthroots Fund allocates personnel costs based on time spent.

Use of 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 at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Earthroots Fund

Notes to Financial Statements December 31, 2024

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2. Due to Earthroots Coalition

All transactions with related parties are carried out in the normal course of operations and are recorded at an exchange value which approximates fair value. Amounts due to and from related parties are payable on demand and bear no interest.

Earthroots Coalition is a not-for-profit organization and shares a common Board of Directors with the Earthroots Fund. Earthroots Coalition undertakes advocacy and campaign work and shares certain personnel, direct mail and other overhead expenses with the Earthroots Fund.

During the year, Earthroots Fund charged \$14,277 (2023 - \$26,205) to Earthroots Coalition for its share of these expenses.

3. Deferred contributions

	Balance beginning of year	Received during year	Recognized during year	Balance end of year
Capacity Building Echo Foundation	\$ -	\$ 75,000	\$ 75,000	\$ -
Grassy Narrows Donner Canadian Foundation	74,500	80,000	66,637	87,863
Lush Handmade Cosmetics Ltd.	-	15,000	15,000	-
Makeway	-	30,000	30,000	-
The Dragonfly Fund	-	24,000	24,000	-
Charities Aid Foundation America	-	95,136	95,136	-
McLean Smits Family Foundation	-	10,000	10,000	-
Panicaro Foundation	-	5,000	5,000	-
Other	-	6,170	6,170	-
	<u>\$ 74,500</u>	<u>\$ 340,306</u>	<u>\$ 326,943</u>	<u>\$ 87,863</u>

4. Canada Emergency Business Account loan payable

During the year, Earthroots Funds extinguished the non-interest bearing Canada Emergency Business Accounts (CEBA) loan of \$60,000 payable to Canada Imperial Bank of Canada.

As Earthroots Fund intended to meet the conditions of the CEBA loan, the forgiveness was recognized in the 2020 (\$10,000) and 2021 (\$10,000) financial statements.

Earthroots Fund

Notes to Financial Statements December 31, 2024

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5. Lease commitment

Earthroots Fund has minimum lease payments, exclusive of operating costs, under the office lease, which expires on April 30, 2024 and was extended to April 30, 2027 :

2024	\$	16,287
2025		12,938
2026		13,585
2027		4,601
		<hr/>
	\$	47,411
		<hr/>

6. Financial instruments and related risks

It is management's opinion that Earthroots Fund's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. The Fund minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable.