

# Financial Statements

**MVZEIF**

December 31, 2024

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## Independent Auditor's Report

To the Members of MVZEIF

### Opinion

We have audited the financial statements of MVZEIF ("the Organization"), which comprise the statement of financial position as at December 31, 2024 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 MVZEIF as at December 31, 2024 and the results of its operations, its 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 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.

### 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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.

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## **Auditor's Responsibilities for the Audit of the Financial Statements** *(continued from previous page)*

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.

*Stolz CPA Inc.*

Chartered Professional Accountants

May 12, 2025  
Abbotsford, British Columbia

# MVZEIF

## Statement of Financial Position

December 31, 2024

	General Fund		Restricted Fund		Capital Fund		Endowment Fund		2024	2023
<b>Assets</b>										
<b>Current assets</b>										
Cash	\$	80,255	\$	1,374,449	\$	-	\$	1,194,279	\$ 2,648,983	\$ 706,946
Short-term investments (Note 4)		-		-		-		600,000	600,000	1,092,720
Accounts receivable (Note 5)		-		2,388,917		-		-	2,388,917	742,272
Goods and services tax rebate receivable		59,479		-		-		-	59,479	22,394
Current portion of portfolio investments (Note 6)		-		-		-		-	-	1,000,000
Prepaid expenses and deposits		-		24,670		-		-	24,670	6,927
		139,734		3,788,036		-		1,794,279	5,722,049	3,571,259
Portfolio investments (Note 6)		-		-		-		20,756,099	20,756,099	20,225,979
Capital assets (Note 7)		-		-		147,890		-	147,890	-
	\$	139,734	\$	3,788,036	\$	147,890	\$	22,550,378	\$ 26,626,038	\$ 23,797,238

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The accompanying notes are an integral part of these financial statements

# MVZEIF

## Statement of Financial Position

December 31, 2024

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2024	2023
<i>(continued from previous page)</i>						
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities (Note 8)	\$ -	\$ 750,017	\$ -	\$ -	\$ 750,017	\$ 142,447
<b>Fund balances</b>						
Externally restricted	-	3,038,019	-	22,550,378	25,588,397	23,579,493
Internally restricted	-	-	-	-	-	7,600
Invested in capital assets	-	-	147,890	-	147,890	-
Unrestricted	139,734	-	-	-	139,734	67,698
	139,734	3,038,019	147,890	22,550,378	25,876,021	23,654,791
	\$ 139,734	\$ 3,788,036	\$ 147,890	\$ 22,550,378	\$ 26,626,038	\$ 23,797,238

### Commitments (Note 12)

Approved by the Board

Director

Director

The accompanying notes are an integral part of these financial statements

# MVZEIF

## Statement of Operations

Year ended December 31, 2024

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2024	2023
<b>Revenues</b>						
Grants and contributions (Note 9)	\$ -	\$ 4,740,878	\$ -	\$ -	\$ 4,740,878	\$ 1,053,499
Investment income	56,489	246	-	1,143,840	1,200,575	570,207
Service agreements (Note 10)	15,047	753,966	-	-	769,013	648,168
Other revenues	500	38,959	-	-	39,459	50,470
	72,036	5,534,049	-	1,143,840	6,749,925	2,322,344
<b>Expenses</b>						
<b>Program expenses</b>						
Amortization	-	-	702	-	702	-
Conferences	-	15,070	-	-	15,070	3,983
Events	-	80,044	-	-	80,044	68,456
Grants and intermediaries	-	1,746,498	-	-	1,746,498	297,295
Information technology	-	59,774	-	-	59,774	49,430
Marketing and sponsorships	-	26,168	-	-	26,168	33,349
Office and miscellaneous	-	38,027	-	-	38,027	19,229
Professional services	-	72,066	-	-	72,066	32,741
Rent and utilities	-	47,856	-	-	47,856	-
Salaries, wages and benefits	-	2,540,749	-	-	2,540,749	1,272,575
Services outsourced	-	91,998	-	-	91,998	21,950
Travel, transportation and meals	-	38,953	-	-	38,953	22,656
	-	4,757,203	702	-	4,757,905	1,821,664

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The accompanying notes are an integral part of these financial statements

# MVZEIF

## Statement of Operations

Year ended December 31, 2024

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2024	2023
<i>(continued from previous page)</i>						
<b>Expenses</b> <i>(continued from previous page)</i>						
<b>Administrative expenses</b>						
Office and miscellaneous	-	13,272	-	-	<b>13,272</b>	11,602
Professional services	-	45,405	-	110,737	<b>156,142</b>	140,867
Salaries, wages and benefits	-	67,684	-	-	<b>67,684</b>	55,543
Travel, transportation and meals	-	11,320	-	-	<b>11,320</b>	5,823
	-	137,681	-	110,737	<b>248,418</b>	213,835
<b>Total expenses</b>	-	4,894,884	702	110,737	<b>5,006,323</b>	2,035,499
<b>Excess (deficiency) of revenues over expenses</b>	\$ 72,036	\$ 639,165	\$ (702)	\$ 1,033,103	<b>\$ 1,743,602</b>	\$ 286,845

The accompanying notes are an integral part of these financial statements



# MVZEIF

## Statement of Changes in Fund Balances

Year ended December 31, 2024

		<i>General Fund</i>	<i>Restricted Fund</i>	<i>Capital Fund</i>	<i>Endowment Fund</i>	<b>2024</b>	2023
<b>Fund balances, beginning of year</b>	\$	67,698	\$ 1,477,446	\$ -	\$ 22,109,647	<b>\$23,654,791</b>	\$ 22,452,705
<b>Excess (deficiency) of revenue over expenses</b>		72,036	639,165	(702)	1,033,103	<b>1,743,602</b>	286,845
<b>Change in fair market value of portfolio investments</b> <i>(Note 6)</i>		-	-	-	477,628	<b>477,628</b>	915,241
<b>Interfund transfers</b> <i>(Note 11)</i>		-	921,408	148,592	(1,070,000)	-	-
<b>Fund balances, end of year</b>	\$	139,734	\$ 3,038,019	\$ 147,890	\$ 22,550,378	<b>\$25,876,021</b>	\$ 23,654,791

The accompanying notes are an integral part of these financial statements

# MVZEIF

## Statement of Cash Flows

Year ended December 31, 2024

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2024	2023
<b>Cash provided by (used for) the following activities</b>						
<b>Operating activities</b>						
Excess (deficiency) of revenue over expenses	\$ 72,036	\$ 639,165	\$ (702)	\$ 1,033,103	\$ <b>1,743,602</b>	\$ 286,845
Items not affecting cash						
Amortization	-	-	702	-	<b>702</b>	-
Net investment income in portfolio investments	-	-	-	(52,492)	<b>(52,492)</b>	(167,717)
	72,036	639,165	-	980,611	<b>1,691,812</b>	119,128
Changes in working capital accounts						
Accounts receivable	9,718	(1,656,362)	-	-	<b>(1,646,644)</b>	(452,513)
Goods and services tax rebate receivable	(59,479)	22,394	-	-	<b>(37,085)</b>	(22,394)
Accounts payable and accrued liabilities	-	607,569	-	-	<b>607,569</b>	31,121
Prepaid expenses and deposits	-	(17,743)	-	-	<b>(17,743)</b>	(271)
	22,275	(404,977)	-	980,611	<b>597,909</b>	(324,929)

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The accompanying notes are an integral part of these financial statements

# MVZEIF

## Statement of Cash Flows

Year ended December 31, 2024

	General Fund	Restricted Fund	Capital Fund	Endowment Fund	2024	2023
<i>(continued from previous page)</i>						
<b>Investing activities</b>						
Purchase short-term investments	-	-	-	(600,000)	<b>(600,000)</b>	(479,226)
Withdrawal of short-term investments	-	430,400	-	662,320	<b>1,092,720</b>	889,236
Withdrawal of portfolio investments	-	-	-	1,000,000	<b>1,000,000</b>	-
Acquisition of capital assets	-	-	(148,592)	-	<b>(148,592)</b>	-
	-	430,400	(148,592)	1,062,320	<b>1,344,128</b>	410,010
<b>Increase (decrease) in cash</b>	22,275	25,423	(148,592)	2,042,931	<b>1,942,037</b>	85,081
<b>Interfund transfers</b>	-	921,408	148,592	(1,070,000)	-	-
<b>Cash, beginning of year</b>	57,980	427,618	-	221,348	<b>706,946</b>	621,865
<b>Cash, end of year</b>	\$ 80,255	\$ 1,374,449	\$ -	\$ 1,194,279	<b>\$ 2,648,983</b>	\$ 706,946

The accompanying notes are an integral part of these financial statements

# MVZEIF

## Notes to the Financial Statements

Year ended December 31, 2024

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### 1. Purpose of the organization

MVZEIF ("the Organization"), also known as Metro Vancouver Zero Emissions Innovation Centre, was incorporated under the laws of the Canada Not-for-profit Corporations Act on April 20, 2021 and was registered as an extraprovincial society in British Columbia on July 29, 2021. The Organization is an initiative of Low Carbon Cities Canada ("LC3") and its purpose is to help the Metro Vancouver region and British Columbia reach their full carbon emissions reduction potential by investing in projects and programs to help meet Canada's 2030 and 2050 carbon reduction targets.

The Organization is a not-for-profit organization and is a registered charity for the purposes of the Income Tax Act and as such is exempt from income taxes. The Organization holds endowment funds in trust on behalf of the Federation of Canadian Municipalities ("FCM") as trustee of the Green Municipal Fund, which are to be maintained in perpetuity.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) using the restricted fund method, and include the following significant accounting policies:

#### **a) Fund accounting**

The General Fund is comprised of unrestricted resources that are available for the Organization's operational activities.

The Restricted Fund includes funds that are externally or internally restricted. These funds are used for program delivery activities in accordance with the objectives specified by the funder or with directives issued by the Board of Directors. Under the terms of the FCM Funding Agreement, the Organization is obligated to establish an internally restricted Stabilization Fund which may be used to fund eligible expenses in future years where the annual yield of investment income earned in the Endowment Fund is lower than projected. As of December 31, 2024, no amounts had been allocated to the Stabilization Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to capital assets.

The Endowment Fund accounts for the endowments received from FCM, consisting of \$19,000,000 to be endowed, plus operating funds of \$2,298,833 that can be spent on eligible expenditures. Investment income earned on the endowments may be used for purposes of supporting the LC3 program and is reported in the Endowment Fund and transferred to the Restricted Fund once expenditures are incurred.

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# MVZEIF

## Notes to the Financial Statements

Year ended December 31, 2024

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### 2. Significant accounting policies *(continued from previous page)*

#### **b) Revenue recognition**

##### *Grants and contributions*

Both unrestricted and restricted grants and contributions are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### *Other revenues*

Fees under service agreements 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 is recognized as revenue on an accrual basis when it is earned.

#### **c) 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 Organization with carrying out its programs. These contributed services are not recognized in the financial statements due to the difficulty of determining their value.

#### **d) Use of estimates**

Management reviews the carrying amount of items in the financial statements at each statement of financial position date to assess the need for revision to, or any possibility of, impairment. These estimates and assumptions are reviewed periodically and adjustments are made in the statement of operations in the year they become known.

Items included in these financial statements subject to estimates and assumptions include the useful life of capital assets, the allowance for doubtful accounts receivable and accounts payable and accrued liabilities.

#### **e) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and bank balances on deposit with a Canadian credit union earning interest at market rates.

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### 2. Significant accounting policies *(continued from previous page)*

#### **f) Capital assets**

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Capital assets put into use are amortized annually over their estimated useful life as follows:

<b>Tangible capital assets</b>	<b>Method and rate</b>
Electric vehicles	Declining balance method of 20%
<b>Intangible capital assets</b>	<b>Method and rate</b>
Computer software	Straight-line 2 years

When a capital asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

#### **g) Grant commitments**

Approved grants to recipients are reported as current liabilities and expenditures in the year they become payable. Payments of the grant for a project meeting the objectives, as determined by the Organization, is made after approval of management and on execution of an agreement. Grants can be rescinded by the Organization when the original granting conditions have not been met, or cannot be met, or when the applicant no longer needs the grant. The rescinded amounts are recognized as income in the year the grant is rescinded.

#### **h) Financial instruments**

The Organization recognizes its financial assets and financial liabilities initially at their fair value. At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. Portfolio investments are subsequently measured at fair value. All other financial instruments are subsequently measured at amortized cost.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

# MVZEIF

## Notes to the Financial Statements

Year ended December 31, 2024

### 3. Endowment funds

The Endowment Fund accounts for the grants received from FCM in the amount of \$22,550,378 and income derived from these grants. Of the grants received, \$19,000,000 represents the nominal value to be maintained in perpetuity and/or deployed through direct investments. The income earned from the endowment funds are to be used for eligible expenses, maintaining the Reserves for Non-performing Direct Investments and Guarantees and establishing the Stabilization Fund in accordance with the FCM Funding Agreement. Unexpended balances are retained in the endowment fund and are transferred to the appropriate fund once expended.

The Endowment Fund is comprised of the following balances:

	2024	2023
Endowment nominal value	\$ 19,000,000	\$ 19,000,000
Investment income including fair market value adjustments and operating grant funds	3,550,378	3,109,647
	<b>\$ 22,550,378</b>	<b>\$ 22,109,647</b>

### 4. Accounts receivable

	2024	2023
Grants and contributions	\$ 2,226,205	\$ 327,738
Service agreements	146,034	384,353
Other receivables	16,678	30,181
	<b>\$ 2,388,917</b>	<b>\$ 742,272</b>

As of December 31, 2024, management has determined that no allowance for impairment is required to be recognized on its receivable balances.

### 5. Short-term investments

Short-term investments consists of a short-term guaranteed investment certificate that matures within the next fiscal year. The maturity date of the investment is December 19, 2025 with an interest rate of 3.00%.

# MVZEIF

## Notes to the Financial Statements

Year ended December 31, 2024

### 6. Portfolio investments

The Organization holds portfolio investments with Northwest & Ethical Investments and covers the endowment fund balance in combination with its short-term investments and bank accounts. Portfolio investments are recorded at fair market value and consist of units in the following funds:

	2024	2023
Clean Infrastructure Fund	\$ 3,386,047	\$ 3,480,978
Global Sustainable Balanced Fund	4,455,204	4,793,524
Environmental Leaders Fund	3,793,572	3,833,157
Global Impact Bond Fund	9,121,276	9,118,320
	<b>20,756,099</b>	21,225,979
Current portion of portfolio investments	-	(1,000,000)
	<b>\$ 20,756,099</b>	\$ 20,225,979

The Organization's Investment Policy Statement restricts investments in coal and oil and gas extraction and transportation.

Unrealized gains or losses are measured between carrying value and fair market value as at the reporting date and are reported on the statement of changes in fund balances.

### 7. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer software under development	\$ 141,572	\$ -	\$ 141,572	\$ -
Electric vehicles	7,020	702	6,318	-
	<b>\$ 148,592</b>	<b>\$ 702</b>	<b>\$ 147,890</b>	<b>\$ -</b>

### 8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$31,639 (2023 - 12,488).



# MVZEIF

## Notes to the Financial Statements

Year ended December 31, 2024

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### 9. Grants and contributions

Contributions in the Restricted Fund primarily consist of restricted contributions from Natural Resources Canada, BC Hydro, Ronald S. Roadburg Foundation, Metro Vancouver Regional District, McConnell Foundation, North Family Foundation, Real Estate Foundation of British Columbia, and Vancouver City Savings Credit Union.

### 10. Service agreements

Included in service agreements revenue are fees charged to City of Vancouver, City of Victoria, District of Saanich, and Province of BC to support and deliver climate action initiatives.

### 11. Interfund transfers

During the year, the Organization made the following interfund transfers:

- \$1,000,000 from the Endowment Fund to the Restricted Fund to temporarily fund the start-up operations of the programs funded by Natural Resources Canada;
- \$70,000 from the Endowment Fund to the Restricted Fund to fund the disbursement of LC3 grants; and
- \$148,592 from the Restricted Fund to the Capital Fund to fund the acquisition of capital assets.

### 12. Commitments

As part of its British Columbia Retrofit Accelerator program, the Organization has entered into service agreements with various organizations which span the next three fiscal years. The service agreements end on March 31, 2027 and the total amount committed is \$6,925,415.

### 13. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

### 14. Financial instruments

As part of its operations, the Organization carries a number of financial instruments which exposes it to a variety of risks including the following:

#### *Liquidity risk*

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization is exposed to liquidity risk with respect to the financial liabilities recognized in the statement of financial position. The risk is mitigated by holding resources in its bank accounts and short-term investments that are highly liquid.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value (price risk) or future cash flows (cash flow risk) of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to price risk with respect to short-term investments with fixed interest rates. The risk is mitigated by investment in term deposits with maturity dates of not longer than one year.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Organization is exposed to currency risk and its effects on the fair market value of its portfolio investments that are denominated in foreign currencies.

#### *Market and other price risk*

Market and other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Organization's investment portfolio is comprised of a mix of pooled investments in fixed income and equity market securities. A decline in equity markets will result in a decrease to the fair values of some of the Organization's marketable securities. This risk is mitigated by maintaining a diversified portfolio with a mix of bond and equity funds in accordance with the Organization's investment policy and is professionally managed.