PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

Financial Statements

December 31, 2024

PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT
Index to Financial Statements
For the Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Pembina Institute for Appropriate Development:

Opinion

We have audited the financial statements of Pembina Institute for Appropriate Development (the "Institute"), which comprise the statement of financial position as at December 31, 2024, and the statement 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2024, 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 Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those 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 the financial statements, management is responsible for assessing the Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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Independent Auditor's Report to the Directors of Pembina Institute for Appropriate Development *(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 Institute'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 Institute'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 Institute 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

Calgary, Alberta
June 20, 2025

PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

Statement of Financial Position

As at December 31

	2024	2023
Assets		
Current		
Cash	**$ 1,629,662**	$ 1,582,428
Short-term investments *(Note 3)*	**996,065**	960,698
Accounts receivable	**926,816**	859,419
Goods and services tax recoverable	**53,675**	56,284
Prepaid expenses	**395,702**	305,400
	4,001,920	3,764,229
Capital assets *(Note 7)*	**106,650**	49,576
Long-term Investments *(Note 3)*	**1,218,554**	1,003,420
	$ 5,327,124	$ 4,817,225
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	**$ 327,993**	$ 316,745
Deferred revenue *(Note 4)*	**2,544,281**	2,257,391
	2,872,274	2,574,136
Net assets		
Invested in capital assets	**106,650**	49,576
Internally restricted - Pembina General Fund *(Note 11)*	**1,271,284**	1,101,700
Unrestricted	**1,076,916**	1,091,813
	2,454,850	2,243,089
	$ 5,327,124	$ 4,817,225

Lease commitments *(Note 10)*

On behalf of the Board:

Signed by:
89C5B255A2B2457... *Director*

Signed by:
CA6FE530685E41E... *Director*

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

PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

Statement of Operations

For the Year Ended December 31

	2024	2023
Revenue		
Grants *(Note 5)*	**$ 6,251,753**	$ 6,067,903
Donations *(Notes 5, 13)*	**873,830**	790,694
Event sponsorships	**815,538**	1,051,009
Other income *(Note 8)*	**127,762**	120,221
Consulting fees	**124,236**	268,349
	8,193,119	8,298,176
Expenses		
Salaries and wages	**5,502,564**	4,997,563
Project costs	**1,099,454**	1,746,913
Occupancy costs	**317,406**	286,650
Office and administrative	**308,935**	313,979
Contractor services	**299,146**	241,367
Meetings and professional development	**200,353**	178,546
Information technology	**151,517**	129,094
Professional fees	**59,150**	100,932
Insurance	**50,647**	46,424
Amortization	**21,524**	16,090
Interest and bank charges	**11,477**	10,414
	8,022,173	8,067,972
Excess of revenue over expenses before other income	**170,946**	230,204
Other income		
Unrealized gain on investments	**(40,815)**	-
Excess of revenue over expenses	**$ 211,761**	$ 230,204

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

PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

Statement of Changes in Net Assets

For the Year Ended December 31

	Invested in capital assets	Internally restricted - Pembina General Fund (Note 11)	Unrestricted	**2024**	2023
Net assets - beginning of year	$ 49,576	$ 1,101,700	$ 1,091,813	**$ 2,243,089**	$ 2,012,885
Excess (deficiency) of revenue over expenses	(21,524)	133,734	99,551	**211,761**	230,204
Purchase of capital assets	78,598	-	(78,598)	**-**	-
Internal fund transfer	-	35,850	(35,850)	**-**	-
Net assets - end of year	$ 106,650	$ 1,271,284	$ 1,076,916	**$ 2,454,850**	$ 2,243,089

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

PEMBINA INSTITUTE FOR APPROPRIATE DEVELOPMENT

Statement of Cash Flows

For the Year Ended December 31

	2024	2023
Operating activities		
Excess of revenue over expenses	**$ 211,761**	$ 230,204
Items not affecting cash:		
Amortization of capital assets	**21,524**	16,090
Unrealized gain on investments	**(40,815)**	-
	192,470	246,294
Changes in non-cash working capital:		
Accounts receivable	**(67,397)**	115,374
Goods and services tax receivable	**2,609**	(26,749)
Prepaid expenses	**(90,302)**	(167,287)
Accounts payable and accrued liabilities	**11,248**	(659,707)
Deferred revenue	**286,890**	550,250
	143,048	(188,119)
Cash flows from operating activities	**335,518**	58,175
Investing activities		
Purchase of capital assets	**(78,598)**	(35,000)
Purchase of investments	**(1,169,065)**	(1,964,118)
Proceeds on disposal of investments	**959,379**	851,635
Cash flows used in investing activities	**(288,284)**	(1,147,483)
Increase (decrease) in cash flows	**47,234**	(1,089,308)
Cash – beginning of year	**1,582,428**	2,671,736
Cash – end of year	**$ 1,629,662**	$ 1,582,428

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

1. Purpose of the organization

Pembina Institute for Appropriate Development (the "Institute") was incorporated on January 14, 1986, and was subsequently continued under the federal Canada Not-for-profit Corporations Act. On January 1, 2019, the Pembina Foundation for Environment Research and Education amalgamated with the Institute. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act as a registered charity.

The Institute is a registered charitable organization based in Calgary with operations in Edmonton, Vancouver, Toronto and Ottawa. It works to support the transition to an energy system that is clean, safe and sustains a high quality of life through a science-based approach to policy, regulation, environmental protection and energy development.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook, and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Revenue recognition

The Institute 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 and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Event sponsorship fees are recognized as revenue when the events are held.

Consulting fees are recognized in the period in which the services are provided.

Other income including speaking honoraria, rents, and interest revenues are recognized in the period when the services have been provided, when revenue is due, or when interest is earned.

Cash

Cash includes cash on hand and in banks.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Revenue and expenses have been translated at the spot rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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2. Summary of significant accounting policies *(continued)*

Donated services and materials

Donated stock is recorded as its fair market value at the time of the donation. During the year, the Institute received donated corporate shares and immediately liquidated them for a total of $173,182 (2023: $274,260).

The operations of the Institute include contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are not reflected in these financial statements.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Computer equipment	3 years
Electronic equipment	3 years
Office furniture	5 years
Website	3 years

The Institute regularly reviews its capital assets to eliminate obsolete items, and determine if there are conditions that indicate an asset value is impaired. If a capital asset is determined to be impaired the net carrying amount of the asset is written down to the asset's fair value. Write-downs are recorded as expenses in the statement of operations in the year they are identified.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. The financial instruments are tested for impairment at each reporting date.

Financial assets measured at amortized cost include cash, Guaranteed Investment Certificates and accounts receivable.

Financial assets measured at fair value include Market Exchange Traded Funds.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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2. Summary of significant accounting policies *(continued)*

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates included in the financial statements are the estimated useful lives of Capital Assets.

3. Investments

	2024	2023
Market Exchange Traded Funds	**$ 1,218,554**	$ 1,003,420
Guaranteed Investment Certificate bearing interest at 3.71%, maturing on January 15, 2025	**308,135**	-
Guaranteed Investment Certificate bearing interest at 3.57%, maturing on January 21, 2025	**315,873**	-
Guaranteed Investment Certificate bearing interest at 3.70%, maturing on January 31, 2025	**55,300**	-
Guaranteed Investment Certificate bearing interest at 3.32%, maturing on March 25, 2025	**316,757**	-
Guaranteed Investment Certificate bearing interest at 5.18%, maturing on January 27, 2024	**-**	301,278
Guaranteed Investment Certificate bearing interest at 5.04%, maturing on February 27, 2024	**-**	302,527
Guaranteed Investment Certificate bearing interest at 5.04%, maturing on March 28, 2024	**-**	303,822
Guaranteed Investment Certificate bearing interest at 5.15%, maturing on May 4, 2024	**-**	53,071
Total investments	**2,214,619**	1,964,118
Less: Long-term investments	**(1,218,554)**	(1,003,420)
Short-term investments	**$ 996,065**	$ 960,698

Long-term investments represent Market Exchange Traded Funds that are held to finance the Pembina General Fund.

4. Deferred revenue

External revenues received by the Institute such as restricted contributions, fee for service and event registrations which are related to project expenditures in the future are deferred and recognized in the year the expenditures are incurred. During the year external revenues added, recognized and deferred by the Institute were as follows:

	Opening balance	**Additions**	**Recognized**	**Ending balance**
Restricted contributions	$ 2,124,760	**$ 6,220,488**	**$ 5,840,753**	**$ 2,504,495**
Event registration	119,191	**722,693**	**815,538**	**26,346**
Pembina Alumni Fund donations	13,440	**-**	**-**	**13,440**
	$ 2,257,391	**$ 6,943,181**	**$ 6,656,291**	**$ 2,544,281**

The Pembina Alumni Fund donations represent restricted donations received to be used to support the employment of interns and young professionals in their climate careers, to allow the Institute to attract top talent from post-secondary institutions, and to attract professionals in the industry to apply their talent and skills within the Institute. The donations will be recognized when the related expenditures are incurred.

5. Related party transactions

During the year, the Institute received donations of $15,500 (2023: $16,271) from members of the Board of Directors. These transactions were in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.
During the year, the Institute received an unrestricted grant of $75,000 (2023: $75,000) from a Foundation related to the Institute by virtue of a common director. These transactions were in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. Bank indebtedness

The Institute has a revolving overdraft agreement bearing interest at Credit Union's prime lending rate plus 0.8% (2023: Credit Union's prime plus 0.80%). The revolving overdraft facility is authorized to a maximum of $450,000 (2023: $450,000). At December 31, 2024 the balance outstanding on the facility was $nil (2023: $nil).

The Institute's borrowing facility agreement requires that the Institute meet certain financial covenants including a debt-to-equity ratio that will not exceed 3.00:1, a current ratio of no less than 1.25:1 and a debt service coverage ratio of no less than 1.25:1.

7. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Computer equipment	**$ 79,574**	**$ 79,574**	**$ -**	$ -
Electronic equipment	**750**	**750**	**-**	-
Office furniture	**51,166**	**19,516**	**31,650**	14,576
Website	**90,000**	**15,000**	**75,000**	35,000
	$ 221,490	**$ 114,840**	**$ 106,650**	$ 49,576

8. Other income

	2024	2023
Interest	**$ 103,271**	$ 94,959
Miscellaneous	**16,964**	8,747
Rent	**4,720**	36,537
Foreign currency exchange gain (loss)	**2,807**	(20,022)
	$ 127,762	$ 120,221

9. Alberta reporting requirements

The Alberta Charitable Fund-Raising Act requires charitable organizations to disclose the remuneration paid to their Alberta employees whose principal duties involve fundraising. The Institute received gross contributions of $630,070 (2023: $734,134) and paid $289,049 (2023: $61,000) to Alberta fundraising employees.

10. Lease commitments

The Institute has entered into long-term lease agreements for its premises in Calgary, Edmonton, Ottawa and Toronto. Future minimum lease payments as at December 31, 2024, are as follows:

2025	$ 94,907
2026	66,702
2027	64,322
2028	64,477
2029	66,625
Thereafter	7,000
	$ 364,033

11. Internally restricted fund

In 2022, the Board of Directors approved the creation of the Pembina General Fund. The intention of the fund is to build a financial reserve that will help to ensure the Institute's ability to carry out the mission to advance a prosperous clean energy future for Canada and to fund special projects that align with the Institute's strategic goals. The Pembina General Fund is not intended to eliminate any budget variances. At the discretion of the Board, any excess of revenue over expenditures at year end may be transferred to the Pembina General Fund and be utilized only at the Board's approval.

During the year, the Board of Directors approved a transfer of $35,850 (2023 - $264,150) from the unrestricted fund to the internally restricted fund.

12. Financial instruments

The Institute is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Institute's risk exposure and concentration as of December 31, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Institute's financial assets that are exposed to credit risk consist primarily of accounts receivable. The Institute is not subject to significant concentration of credit risk with respect to its funders, sponsors and customers.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute is exposed to this risk mainly in respect of its receipt of funds from its funders, sponsors and customers, mortgages payable and accounts payable.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Institute is exposed to market risk through its Market Exchange Traded Funds.

(d) Currency risk

Currency risk is the risk to the Institute's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Institute is exposed to foreign currency exchange risk on cash and accounts receivable held in U.S. dollars. The Institute does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Institute manages exposure through its normal operating and financing activities. The Institute is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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12. Financial instruments *(continued)*

Unless otherwise noted, it is management's opinion that the Institute is not exposed to significant other price risks arising from these financial instruments.

13. Other contributions

During the year, The Institute received a one-time, nonrecurring contribution valued at $309,910 from Air India. This contribution was part of a settlement agreement between the Air India and various parties. The Insitute was named as the receipient of the contribution through this settlement agreement and was not involved with the settlement in any other way. The contribution is unrestricted and has been recognized with Donations revenues on the statement of operations.

14. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year's excess of revenue over expenses from operations.