



Financial statements

Ecology Action Centre

March 31, 2016

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## Independent auditor's report

Grant Thornton LLP  
Suite 1100  
2000 Barrington Street  
Halifax, NS  
B3J 3K1  
T (902) 421-1734  
F (902) 420-1068  
www.GrantThornton.ca

To the officers and members of  
**Ecology Action Centre**

We have audited the accompanying financial statements of Ecology Action Centre (the "Centre"), which comprise the statement of financial position as at March 31, 2016, and the statements of operations, surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Centre's preparation and fair presentation of the financial statements 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 Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for qualified opinion**

In common with many non-profit organizations, the Centre derives revenue from donations, memberships and projects from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to the statement of operations.

### **Qualified opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ecology Action Centre as at March 31, 2016, 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.

Halifax, Canada  
May 30, 2016

*Grant Thornton LLP*

Chartered Accountants

# Ecology Action Centre

## Statement of operations

Year ended March 31	2016	2015
Project revenue (Schedule 1)	\$ <u>1,618,172</u>	\$ <u>1,496,792</u>
Operating revenue		
Administrative fees (contribution from projects)	170,334	174,957
Capital contribution	23,858	9,194
Donations	116,594	101,842
Fundraising events	35,266	38,103
Interest on savings and miscellaneous	10,453	11,202
Magazine ( <i>Ecology and Action</i> )	2,660	2,575
Memberships	429,334	347,502
Operating expense recoveries	44,313	47,430
Space rental	5,873	-
	<u>838,685</u>	<u>732,805</u>
Total revenue	<u>2,456,857</u>	<u>2,229,597</u>
Project expenses (Schedule 1)	<u>1,618,172</u>	<u>1,496,792</u>
Operating expenses		
Bad debt	-	180
Bank, credit card and payroll fees	17,389	15,753
Communications	8,134	5,796
Database and computer support	16,630	21,384
Depreciation	26,391	12,588
Equipment lease	3,873	4,863
Fundraising events	23,751	19,392
Insurance	15,650	12,831
Magazine ( <i>Ecology and Action</i> )	20,514	22,085
Membership materials	2,582	4,302
Miscellaneous	10,186	9,629
Office	26,323	14,330
Power, water and telephone	7,655	10,900
Professional fees and consulting	11,411	16,215
Project contributions	6,450	14,600
Property financing	10,764	2,814
Property taxes and maintenance	13,111	15,643
Staff wages and benefits	554,127	521,737
Space rental	21,934	-
Subscriptions and memberships	7,203	2,762
Travel	6,364	4,934
	<u>810,442</u>	<u>732,738</u>
Write-down of property	15,972	-
Write-down of surplus land	-	20,000
	<u>15,972</u>	<u>20,000</u>
Total expenses	<u>2,444,586</u>	<u>2,249,530</u>
Excess of revenue over expenses (expenses over revenue)	\$ <u>12,271</u>	\$ <u>(19,933)</u>

See accompanying notes to the financial statements

## Ecology Action Centre Statement of surplus

Year ended March 31

2016

2015

	<u>Operating</u>	Investment in capital <u>assets</u>	Reserve fund	<u>Total</u>	<u>Total</u>
Surplus (deficit), beginning of year	\$ (27,258)	\$ 106,769	\$ 68,675	\$ <b>148,186</b>	\$ 168,119
Excess of revenue over expenses (expenses over revenue)	12,271	-	-	<b>12,271</b>	(19,933)
Transfer to reserve fund	(12,271)	-	12,271	-	-
Property and equipment additions, net of write-downs	(689,262)	689,262	-	-	-
Increase in deferred capital contributions	164,765	(164,765)	-	-	-
Proceeds from issuance of mortgage	445,000	(445,000)	-	-	-
Repayment of mortgage	(62,172)	62,172	-	-	-
Depreciation expense	<u>26,391</u>	<u>(26,391)</u>	-	-	-
Surplus (deficit), end of year	<u>\$ (142,536)</u>	<u>\$ 222,047</u>	<u>\$ 80,946</u>	<u>\$ <b>160,457</b></u>	<u>\$ 148,186</u>

See accompanying notes to the financial statements.

# Ecology Action Centre

## Statement of financial position

March 31 2016 2015

### Assets

#### Current

Cash and cash equivalents (note 3)	\$ 576,554	\$ 750,650
Receivables	87,564	78,236
Prepays	<u>72,157</u>	<u>6,260</u>
	<u>736,275</u>	835,146

Property and equipment (note 4)

998,675 335,804

\$ 1,734,950 \$ 1,170,950

### Liabilities

#### Current

Payables and accruals	\$ 124,812	\$ 96,152
Deferred project revenue (note 5)	668,254	697,578
Deferred admin revenue	4,800	-
Current portion of mortgage payable (note 7)	<u>15,001</u>	<u>44,869</u>
	<u>812,867</u>	<u>838,599</u>

#### Long term

Deferred capital contributions (note 6)	348,930	184,165
Mortgage payable (note 7)	<u>412,696</u>	<u>-</u>
	<u>761,626</u>	<u>184,165</u>

1,574,493 1,022,764

### Surplus (page 3)

Operating deficit	(142,536)	(27,258)
Investment in capital assets	222,047	106,769
General reserve fund (note 10)	<u>80,946</u>	<u>68,675</u>
	<u>160,457</u>	<u>148,186</u>

\$ 1,734,950 \$ 1,170,950

Commitments (note 8)

On behalf of the Board

 Director  Director  
 Treasurer Co-Chair

See accompanying notes to the financial statements

## Ecology Action Centre Statement of cash flows

Year ended March 31

2016

2015

Increase (decrease) in cash and cash equivalents

	2016	2015
<b>Operating</b>		
Excess of revenue over expenses (expenses over revenue)	\$ 12,271	\$ (19,933)
Depreciation	26,391	12,588
Write-down of property	15,972	-
Write-down of surplus land	-	20,000
	<u>54,634</u>	<u>12,655</u>
Changes in non-cash working capital balances		
Receivables	(9,328)	57,940
Prepays	(65,897)	(1,316)
Payables and accruals	28,660	29,857
Deferred project revenue	(24,524)	83,121
	<u>(16,455)</u>	<u>182,257</u>
<b>Financing</b>		
Contributions received for property and equipment	188,623	83,907
Amortization of deferred capital	(23,858)	(9,194)
Proceeds from issuance of mortgage	445,000	-
Repayment of mortgage	(62,172)	(7,042)
	<u>547,593</u>	<u>67,671</u>
<b>Investing</b>		
Purchase of property and equipment	(705,234)	(55,936)
Net (decrease) increase in cash and cash equivalents	(174,096)	193,992
Cash and cash equivalents, beginning of year	<u>750,650</u>	<u>556,658</u>
Cash and cash equivalents, end of year	\$ <u>576,554</u>	\$ <u>750,650</u>

See accompanying notes to the financial statements.

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2016

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### 1. Nature of operations

The Ecology Action Centre (the "Centre") is a not-for-profit organization, which aims to increase the appreciation, protection, and enhancement of the environment of Nova Scotia.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are detailed as follows:

#### Property and equipment

Property and equipment is recorded at its original cost. Depreciation is recorded on the declining balance basis at the following annual rates:

Building	4%
Building improvements	10-30%
Computer equipment	30%
Furniture and equipment	20%

#### Donated and contributed services

Donated services are recognized in the period the services are performed, provided fair value can be determined, otherwise such amounts are not recognized.

A number of volunteers contribute a significant amount of their time to the Centre each year. Due to the difficulty of determining the related fair value, contributed services are not recognized in the financial statements.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### Revenue recognition

The Centre follows the deferral method of accounting for contributions. Project revenue received in advance of related project expenditures is deferred and recognized when these expenditures are incurred. Included in project expenditures is an amount charged for administration services and recorded under operating revenue on the statement of operations. Funds received for capital expenditures are deferred and depreciation on related capital assets is applied against the deferral and recognized as capital contribution revenue.

All other operating revenues are recorded in the year they are received.

#### Foreign currency translation

The Centre receives certain project grant revenues in United States dollars. These amounts are translated at the rates prevailing at the time of exchange into Canadian dollars.



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# Ecology Action Centre

## Notes to the financial statements

March 31, 2016

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

#### **Use of estimates**

The preparation of the financial statements in conformity with ASNPO requires that management make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These items include useful lives of property and equipment. Actual results could differ from those reported.

#### **Impairment of long-lived assets**

The Centre tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### **Financial instruments**

The Centre considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Centre accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals
- mortgage payable

A financial asset or liability is recognized when the Centre becomes party to contractual provisions of the instrument.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

#### *Measurement*

The Centre initially measures its financial assets and financial liabilities at fair value.

Financial assets and financial liabilities are subsequently measured at amortized cost.

#### *Derecognition*

The Centre removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

# Ecology Action Centre

## Notes to the financial statements

March 31, 2016

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

#### Administration fees (contributions from projects)

Grants and donations for environmental programs are subject to a 15% administration fee charge as a contribution to administration for support and services provided. This contribution covers overall project support, financial and administrative support, office space, supplies, equipment, internet and insurance. When project funding is awarded, the 15% contribution is deducted at the time the funds are received. Some specific projects and related funders instead require a monthly administration fee, direct billed to the project for project-specific services provided.

3. Cash and cash equivalents	<u>2016</u>	<u>2015</u>
Total cash and cash equivalents	\$ <u>576,554</u>	\$ <u>750,650</u>
Cash internally restricted for projects:		
Built Environment	10,249	25,091
Coastal	49,774	97,039
EAC administration	53,936	56,885
Endowment fund (HelioTrust)	22,863	22,863
Energy	33,789	33,955
Food Action	27,789	7,909
General projects	49,213	17,059
Marine issues	321,250	271,951
General reserve fund	80,946	68,675
Transportation	29,167	53,348
Wilderness project	<u>23,996</u>	<u>49,001</u>
Internally restricted cash, and cash equivalents	<u>702,972</u>	<u>703,776</u>
Unrestricted cash and cash equivalents	\$ <u>(126,418)</u>	\$ <u>46,874</u>

4. Property and equipment			<u>2016</u>	<u>2015</u>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building and improvements	\$ 1,012,055	\$ 117,588	\$ 894,467	\$ 172,618
Computer equipment	58,958	55,027	3,931	5,616
Construction in progress	-	-	-	55,935
Furniture and equipment	44,663	39,386	5,277	6,635
Land	75,000	-	75,000	75,000
Surplus land	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 1,210,676</u>	<u>\$ 212,001</u>	<u>\$ 998,675</u>	<u>\$ 335,804</u>

## Ecology Action Centre Notes to the financial statements

March 31, 2016

5. Deferred project revenue	March 31, 2015 Balance funding carried over	Funding received during the year	Expenditures	March 31, 2016 Balance funding remaining
Built Environment	\$ 25,090	\$ 39,624	\$ 52,727	\$ 11,987
Coastal	97,041	117,675	162,766	51,950
Endowment fund (HelioTrust)	22,863	-	-	22,863
Energy	36,240	100,445	101,510	35,175
Food Action	20,869	491,163	484,103	27,929
General projects	19,880	106,705	68,420	58,165
Marine issues	298,213	464,007	424,718	337,502
Transportation	63,008	111,727	143,471	31,264
Wilderness project	48,998	162,069	180,457	30,610
Total projects	632,202	1,593,415	1,618,172	607,445
EAC administration	65,376	60,809	65,376	60,809
	\$ 697,578	\$ 1,654,224	\$ 1,683,548	\$ 668,254

### 6. Deferred capital contributions

	Property	Computer Equipment	Total 2016	Total 2015
Opening balance	\$ 181,406	\$ 2,759	\$ 184,165	\$ 109,452
Contribution received	188,623	-	188,623	83,907
Less: amortization	(23,348)	(510)	(23,858)	(9,194)
Ending balance	\$ 346,681	\$ 2,249	\$ 348,930	\$ 184,165

### 7. Mortgage payable

	2016	2015
Credit Union mortgage, bearing interest at 4.4%, repayable in blended monthly instalments of \$2,782 to April 30, 2020, amortized to April 30, 2035. As security against the mortgage, the Centre has provided an assignment of land and building.	\$ 427,697	\$ -
Credit Union mortgage, repaid during the year.	427,697	44,869
Less: current portion due within one year	15,001	44,869
	\$ 412,696	\$ -

Estimated principal repayments for the next five years are as follows:

2016	\$ 15,001
2017	15,699
2018	16,397
2019	17,126
2020	363,474

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## Ecology Action Centre

### Notes to the financial statements

March 31, 2016

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#### 8. Commitments

The Centre is renting office equipment under a long term lease expiring in fiscal 2020. The minimum annual rent for the next four years is as follows:

2017	\$	1,519
2018		1,519
2019		1,519
2020		760

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#### 9. Income taxes

Ecology Action Centre is a Registered Charitable Organization under the meaning assigned in Section 149 of the Income Tax Act, and as such is exempt from income tax.

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#### 10. Reserve fund

During the year, the Board authorized the transfer of \$12,271 (2015 - \$Nil) from operating surplus to the reserve fund to be used for unexpected costs related to the Fern Lane Property, legal action, and other expenses that could interrupt business continuity.

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#### 11. Capital risk management

The capital structure of the Centre consists of net assets invested in capital assets, reserve funds and operating surplus. The primary objective of capital management is to ensure that funds received are used for their intended purpose and that sufficient funds are available to meet the Centre's current and long term commitments.

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#### 12. Line of credit

The Centre has available a line of credit of \$150,000 with Credit Union Atlantic Limited secured by a second mortgage on a specified property. The utilization of the line of credit is \$Nil at March 31, 2016 (2015 - \$Nil).

## Ecology Action Centre Schedule of project revenue and expenses

Year ended March 31 2016 2015

### Project revenue

Donations	\$ 121,212	\$ 114,844
Expense recoveries	6,578	25,027
Foundations and private	493,259	601,497
Government	674,988	669,589
NGOs	434,841	322,617
Other	<u>28,304</u>	<u>21,296</u>
	1,759,182	1,754,870
Increase (decrease) in deferred project revenue	<u>29,324</u>	<u>(83,121)</u>
	1,788,506	1,671,749
Administrative fees (contribution to core)	<u>(170,334)</u>	<u>(174,957)</u>
Total project revenue	<u>\$ 1,618,172</u>	<u>\$ 1,496,792</u>

### Project expenses

Communications	\$ 23,105	\$ 42,374
Contracts and consultants	123,472	60,009
Materials, phone, equipment and rent	102,555	110,754
Other	44,194	27,371
Salaries	1,205,706	1,139,240
Training and conferences	16,357	22,816
Travel, meals and accommodation	92,266	82,325
Workshop events	<u>10,517</u>	<u>11,903</u>
Total project expenses	<u>\$ 1,618,172</u>	<u>\$ 1,496,792</u>