



Financial Statements

Ecology Action Centre

March 31, 2015

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Independent auditor's report

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, 2015, 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 entity'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 entity'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 statements 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, 2015, 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 25, 2015

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

Chartered Accountants

Ecology Action Centre

Statement of operations

Year ended March 31

2015

2014

Project Revenue (Schedule 1)	\$ <u>1,496,792</u>	\$ <u>1,659,791</u>
<u>Operating Revenue</u>		
Administrative fees (contribution from projects)	174,957	196,211
Capital contribution	9,194	9,911
Donations	101,842	71,702
Fundraising events	38,103	55,284
Interest on savings and miscellaneous	11,202	8,204
Magazine (<i>Ecology & Action</i>)	2,575	8,205
Memberships	347,502	244,350
Operating expense recoveries	47,430	31,740
	<u>732,805</u>	<u>625,607</u>
Total revenue	<u>2,229,597</u>	<u>2,285,398</u>
Project Expenses (Schedule 1)	<u>1,496,792</u>	<u>1,659,791</u>
<u>Operating Expenses</u>		
Bad debt	180	-
Bank, credit card and payroll fees	15,753	11,680
Communications	5,796	-
Database and computer support	21,384	20,033
Depreciation	12,588	12,478
Equipment lease	4,863	4,016
Fundraising events	19,392	16,105
Insurance	12,831	10,721
Magazine (<i>Ecology & Action</i>)	22,085	19,253
Membership materials	4,302	2,387
Miscellaneous	9,629	8,004
Office	14,330	17,783
Power, water and telephone	10,900	9,214
Professional fees & consulting	16,215	12,333
Project contributions	14,600	19,500
Property financing	2,814	3,210
Property taxes and maintenance	15,643	11,239
Staff wages and benefits	521,737	436,173
Subscriptions & memberships	2,762	1,083
Travel	4,934	3,233
	<u>732,738</u>	<u>618,445</u>
Write-down of surplus land	<u>20,000</u>	-
Total expenses	<u>2,249,530</u>	<u>2,278,236</u>
Excess of (expenses over revenues) revenues over expenses	\$ <u>(19,933)</u>	\$ <u>7,162</u>

See accompanying notes to the financial statements

Ecology Action Centre Statement of surplus

Year ended March 31

2015

2014

	<u>Operating</u>	<u>Investment in Capital Assets</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Surplus (deficit), beginning of year	\$ (51,648)	\$ 151,092	\$ 68,675	\$ 168,119	\$ 160,957
Excess of (expenses over revenues) revenues over expenses	(19,933)	-	-	(19,933)	7,162
Property and equipment additions, net of write-down of surplus land	(35,936)	35,936	-	-	-
Increase in deferred capital contributions	74,713	(74,713)	-	-	-
Repayment of long-term debt	(7,042)	7,042	-	-	-
Depreciation expense	<u>12,588</u>	<u>(12,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (deficit), end of year	<u>\$ (27,258)</u>	<u>\$ 106,769</u>	<u>\$ 68,675</u>	<u>\$ 148,186</u>	<u>\$ 168,119</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Statement of financial position

March 31

2015

2014

Assets

Current

Cash and cash equivalents (note 3)	\$ 750,650	\$ 556,658
Receivables	78,236	136,176
Prepays	<u>6,260</u>	<u>4,944</u>
	835,146	697,778

Property and equipment (note 4)	<u>335,804</u>	<u>312,456</u>
	\$ <u>1,170,950</u>	\$ <u>1,010,234</u>

Liabilities

Current

Payables and accruals	\$ 96,152	\$ 66,295
Deferred project revenue (note 5)	697,578	614,457
Current portion of mortgage payable (note 7)	<u>44,869</u>	<u>7,032</u>
	<u>838,599</u>	<u>687,784</u>

Long-term

Deferred capital contributions (note 6)	184,165	109,452
Mortgage payable (note 7)	<u>-</u>	<u>44,879</u>
	<u>184,165</u>	<u>154,331</u>
	<u>1,022,764</u>	<u>842,115</u>

Surplus (page 3)

Operating deficit	(27,258)	(51,648)
Investment in capital assets	106,769	151,092
Reserve fund (note 10)	<u>68,675</u>	<u>68,675</u>
	<u>148,186</u>	<u>168,119</u>

\$ 1,170,950 \$ 1,010,234

Commitments (note 8)

Subsequent event (note 14)

On behalf of the Board


 Rochelle A. Director
 Co-Chair


 Math Rhoads Director
 Treasurer

See accompanying notes to the financial statements

Ecology Action Centre Statement of cash flows

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating		
Excess of (expenses over revenues) revenues over expenses	\$ (19,933)	\$ 7,162
Depreciation	12,588	12,478
Write-down of surplus land	<u>20,000</u>	<u>-</u>
	12,655	19,640
Changes in non-cash working capital balances		
Receivables	57,940	150,757
Prepaid expenses	(1,316)	(2,812)
Payables and accruals	29,857	(32,521)
Deferred project revenue	<u>83,121</u>	<u>155,371</u>
	<u>182,257</u>	<u>290,435</u>
Financing		
Contributions received for property and equipment	83,907	840
Amortization of deferred capital	(9,194)	(9,911)
Repayment of mortgage payable	<u>(7,042)</u>	<u>(6,647)</u>
	<u>67,671</u>	<u>(15,718)</u>
Investing		
Purchase of property and equipment	<u>(55,936)</u>	<u>(15,506)</u>
Net increase in cash and cash equivalents	193,992	259,211
Cash and cash equivalents, beginning of year	<u>556,658</u>	<u>297,447</u>
Cash and cash equivalents, end of year	\$ <u>750,650</u>	\$ <u>556,658</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Notes to the financial statements

March 31, 2015

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.

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.

Ecology Action Centre

Notes to the financial statements

March 31, 2015

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.

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, 2015

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, and 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>2015</u>	<u>2014</u>
Total cash and cash equivalents	\$ <u>750,650</u>	\$ <u>556,658</u>
Cash internally restricted for projects:		
Built Environment	25,091	5,986
Coastal	97,039	97,093
EAC administration	56,885	42,603
Endowment fund (HelioTrust)	22,863	22,863
Energy	33,955	6,775
Food Action	7,909	10,745
General projects	17,059	29,863
Marine Issues	271,951	141,355
Reserve fund	68,675	68,675
Transportation	53,348	64,235
Wilderness project	49,001	71,467
Internally restricted cash and cash equivalents	<u>703,776</u>	<u>561,660</u>
Unrestricted cash and cash equivalents	\$ <u>46,874</u>	\$ <u>(5,002)</u>

4. Property and equipment			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and improvements	\$ 266,858	\$ 94,240	\$ 172,618	\$ 181,084
Computer equipment	58,958	53,342	5,616	8,022
Construction in progress	55,935	-	55,935	-
Furniture and equipment	44,663	38,028	6,635	8,350
Land	75,000	-	75,000	75,000
Surplus land	20,000	-	20,000	40,000
	<u>\$ 521,414</u>	<u>\$ 185,610</u>	<u>\$ 335,804</u>	<u>\$ 312,456</u>

Construction in progress include costs of assets not available for use as of March 31, 2015, therefore, no depreciation has been taken on this amount.

Ecology Action Centre Notes to the financial statements

March 31, 2015

5. Deferred project revenue	March 31, 2014 Balance Funding Carried Over	Funding Received During the year	Expenditures	March 31, 2015 Balance Funding Remaining
Built Environment	\$ 5,985	\$ 50,288	\$ 31,183	\$ 25,090
Coastal	104,861	181,436	189,256	97,041
Endowment fund (HelioTrust)	22,863	-	-	22,863
Energy	11,654	111,887	87,301	36,240
Food Action	10,846	437,979	427,956	20,869
General projects	39,132	3,339	22,591	19,880
Marine Issues	201,708	444,152	347,647	298,213
Transportation	89,519	242,958	269,469	63,008
Wilderness project	71,465	98,922	121,389	48,998
Total projects	558,033	1,570,961	1,496,792	632,202
EAC administration	56,424	65,376	56,424	65,376
	\$ 614,457	\$ 1,636,337	\$ 1,553,216	\$ 697,578

6. Deferred capital contributions

	Property	Computer Equipment	Total 2015	Total 2014
Opening Balance	\$ 105,965	\$ 3,487	\$ 109,452	\$ 118,523
Contribution received	83,907	-	83,907	840
Less: amortization	(8,466)	(728)	(9,194)	(9,911)
Ending balance	\$ 181,406	\$ 2,759	\$ 184,165	\$ 109,452

7. Mortgage payable

	2015	2014
Credit Union mortgage, bearing interest at 5.9%, repayable in blended weekly instalments of \$189.55 to July 31, 2015, amortized to July 22, 2020. As security against the mortgage, the Centre has provided an assignment of land and building.	\$ 44,869	\$ 51,911
Less: current portion due within one year	44,869	7,032
	\$ -	\$ 44,879

Ecology Action Centre

Notes to the financial statements

March 31, 2015

8. Commitments

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

2016	\$	1,364
2017	\$	1,519
2018	\$	1,519
2019	\$	1,519
2020	\$	760

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.

10. Reserve fund

During the year, the Board authorized the transfer of \$Nil (2014 - \$7,150) 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.

11. Capital risk management

The capital structure of the Centre consists of net assets invested in capital assets, reserve funds and operating surplus (deficit). 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.

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, 2015 (2014 - \$Nil).

13. Comparative figures

Certain of the comparative figures for 2014 have been reclassified to conform to the financial statement presentation adopted for 2015.

14. Subsequent event

Subsequent to year end, the Centre entered into a renovation contract, valued at approximately \$450,000, to undergo a significant expansion project related to its existing building. In addition, to assist with the costs related to the expansion project, the Centre entered into negotiations with its bank, Credit Union Atlantic, and secured credit facilities in the form of a mortgage for \$445,000, bearing interest at 4.40% fixed for a 60 month term.

Ecology Action Centre Schedule of project revenue and expenses

Year ended March 31	2015	2014
Project Revenue		
Donations	\$ 114,844	\$ 124,650
Expense recoveries	25,027	15,503
Foundations and private	601,497	937,589
Government	669,589	764,214
NGOs	322,617	121,783
Other	21,296	47,634
	<u>1,754,870</u>	<u>2,011,373</u>
Increase in deferred project revenue	(83,121)	(155,371)
	<u>1,671,749</u>	<u>1,856,002</u>
Administrative fees (contribution to core)	(174,957)	(196,211)
Total project revenue	\$ <u>1,496,792</u>	\$ <u>1,659,791</u>
Project Expenses		
Communications	\$ 42,374	\$ 40,473
Contracts & Consultants	60,009	161,888
Materials, phone, equipment, rent	110,754	104,049
Other	27,371	47,954
Salaries	1,139,240	1,171,559
Training and conferences	22,816	16,321
Travel, meals, accommodation	82,325	78,303
Workshop events	11,903	39,244
Total project expenses	\$ <u>1,496,792</u>	\$ <u>1,659,791</u>