

Grant Thornton

Financial Statements

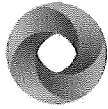
Ecology Action Centre

March 31, 2012



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Independent auditor's report

To the officers and members of
Ecology Action Centre

Grant Thornton LLP
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We have audited the accompanying financial statements of **Ecology Action Centre** (the "Centre"), which comprise the balance sheet as at March 31, 2012, and the statement of operations, statement of surplus and of 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 generally accepted accounting principles, 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 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 the Centre as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Halifax, Canada
May 29, 2012

Chartered accountants

Ecology Action Centre

Statement of operations

Year ended March 31

2012

2011

Project Revenue	\$ <u>1,445,943</u>	\$ <u>1,249,828</u>
<u>Operating Revenue</u>		
Admin (contribution from projects)	153,849	141,313
Donations	48,069	82,256
Memberships	95,880	79,737
Operating expense recoveries	14,950	27,323
Fundraising events	42,185	28,786
Interest on savings & miscellaneous	4,172	3,915
Magazine (<i>Between the Issues</i>)	9,500	14,355
Capital contribution	<u>11,970</u>	<u>13,441</u>
	<u>380,575</u>	391,126
 Total revenue	 <u>1,826,518</u>	 <u>1,640,954</u>
 Project Expenses	 <u>1,445,943</u>	 <u>1,249,828</u>
<u>Operating Expenses</u>		
Bad debts	1,065	-
Bank, credit card and payroll fees	6,519	5,636
Depreciation	13,822	15,764
Equipment lease	5,646	5,096
Fundraising events	17,992	9,185
Insurance	8,031	7,598
Magazine (<i>Between the Issues</i>)	19,407	20,944
Membership	2,611	1,512
Miscellaneous	5,552	5,635
Office	13,954	14,967
Power, water & telephone	6,578	6,424
Professional fees	10,276	15,780
Project contributions	16,537	27,042
Property financing	3,938	4,541
Property taxes and maintenance	6,020	5,195
Staff wages and benefits	238,163	227,443
Travel	<u>1,188</u>	<u>832</u>
	<u>377,299</u>	<u>373,594</u>
 Total expenses	 <u>1,823,242</u>	 <u>1,623,422</u>
 Excess of revenue over expenses	 \$ <u>3,276</u>	 \$ <u>17,532</u>

See accompanying notes to the financial statements

Ecology Action Centre
Statement of surplus
Year ended March 31

2012 **2011**

	<u>Operating Surplus</u>	<u>Investment in Capital Assets</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Surplus (deficit), beginning of year	\$ (14,271)	\$ 121,169	\$ 58,250	\$ 165,148	\$ 147,616
Excess of revenues over expenses	3,276	-	-	3,276	17,532
Transfer to reserve fund (note 11)	(3,275)	-	3,275	-	-
Increase in deferred capital contributions	(9,740)	9,740	-	-	-
Repayment of long term debt	(5,918)	5,918	-	-	-
Depreciation expense	<u>13,822</u>	<u>(13,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (deficit), end of year	\$ <u>(16,106)</u>	\$ <u>123,005</u>	\$ <u>61,525</u>	\$ <u>168,424</u>	\$ <u>165,148</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Balance sheet

March 31

2012

2011

Assets

Current

Cash and cash equivalents (note 3)	\$ 180,237	\$ 342,184
Receivables	290,678	178,204
Prepays	<u>1,977</u>	<u>2,071</u>
	<u>472,892</u>	<u>522,459</u>

Property and equipment (note 4)

	<u>315,998</u>	<u>329,820</u>
	<u>\$ 788,890</u>	<u>\$ 852,279</u>

Liabilities

Current

Payables and accruals	\$ 68,028	\$ 65,043
Deferred project revenue (note 5)	359,445	413,437
Current portion of mortgage payable (note 7)	<u>6,144</u>	<u>5,726</u>
	<u>433,617</u>	<u>484,206</u>

Long-term

Deferred capital contributions (note 6)	128,162	137,902
Mortgage payable (note 7)	<u>58,687</u>	<u>65,023</u>
	<u>186,849</u>	<u>202,925</u>

Surplus (page 3)

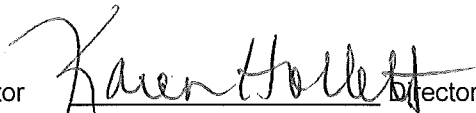
Operating surplus (deficit)	(16,106)	(14,271)
Investment in capital assets	123,005	121,169
Reserve fund (note 11)	<u>61,525</u>	<u>58,250</u>
	<u>168,424</u>	<u>165,148</u>
	<u>\$ 788,890</u>	<u>\$ 852,279</u>

Commitments (note 9)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Ecology Action Centre
Statement of cash flows

Year ended March 31

2012**2011**

(decrease) increase in cash and cash equivalents

	2012	2011
Operating		
Excess of revenue over expenses	\$ 3,276	\$ 17,532
Depreciation	<u>13,822</u>	<u>15,764</u>
	17,098	33,296
Changes in non-cash working capital balances		
Receivables	(112,474)	(22,898)
Prepaid expenses	94	2,142
Payables and accruals	2,985	24,067
Deferred revenue	<u>(53,992)</u>	<u>133,170</u>
	<u>(146,289)</u>	<u>169,777</u>
Financing		
Contributions received for capital assets	2,230	2,548
Amortization of deferred capital	(11,970)	(13,441)
Repayment of mortgage and note payables	<u>(5,918)</u>	<u>(14,090)</u>
	<u>(15,658)</u>	<u>(24,983)</u>
Investing		
Purchase of property and equipment	-	(41,210)
Net (decrease) increase in cash and cash equivalents	(161,947)	103,584
Cash and cash equivalents, beginning of year	<u>342,184</u>	<u>238,600</u>
Cash and cash equivalents, end of year	\$ <u>180,237</u>	\$ <u>342,184</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Notes to the financial statements

March 31, 2012

1. Nature of operations

The Ecology Action 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

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%
Computer equipment	30%
Furniture and equipment	20%

Contributed services

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

All fundraising revenue is recorded in the year that it is received. Project revenue received in advance of related expenditures is deferred and recognized when these expenditures are incurred. Funds received for capital expenditures are deferred and amortized along the same basis as the related assets. Included in project expenditures is an amount charged for administration services and recorded as other revenue on the statement of operations.

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.

Donated services

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

Financial instruments

The Centre's financial instruments consist of cash and cash equivalents, short term investment, receivables, long term investments, payables and accruals and demand loan. 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.

Ecology Action Centre

Notes to the financial statements

March 31, 2012

2. Summary of significant accounting policies (continued)

Future accounting standard changes

For fiscal years beginning on or after January 1, 2012, the Canadian Accounting Standards Board has issued Part III: Accounting Standards for Not-For-Profit Organizations (ASNPO) which are applicable for all Not-For-Profit Organizations. Not-For-Profit Organizations maintain the option to adopt ASNPO or International Financial Reporting Standards (IFRS). The Centre is currently assessing the impact of the new standards on its financial statements.

3. Cash committed to projects	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ <u>180,237</u>	\$ <u>342,184</u>
Cash restricted for projects:		
Built environment	6,821	10,840
Coastal	(46,081)	58,167
EAC administration	22,781	24,681
Endowment fund (Heliotrust)	22,930	22,930
Energy	(1,534)	(20,617)
Food action	25,964	46,964
General projects	23,903	39,457
Marine issues	(40,849)	12,156
Reserve fund	61,525	58,250
Transportation	9,122	2,749
Wilderness project	<u>58,062</u>	<u>51,266</u>
	<u>142,644</u>	<u>306,843</u>
Unrestricted cash and cash equivalents	\$ <u>37,593</u>	\$ <u>35,341</u>

4. Property and equipment			<u>2012</u>	<u>2011</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 258,882	\$ 67,556	\$ 191,326	\$ 201,111
Computer equipment	53,922	45,776	8,146	11,637
Furniture and equipment	36,159	34,633	1,526	2,072
Land	<u>115,000</u>	-	<u>115,000</u>	<u>115,000</u>
	<u>\$ 463,963</u>	<u>\$ 147,965</u>	<u>\$ 315,998</u>	<u>\$ 329,820</u>

Ecology Action Centre

Notes to the financial statements

March 31, 2012

5. Deferred project revenue

	Opening Balance - Funding Carried Over	Funding Received During The Year	Expenditures	Closing Balance - Funding Remaining
Built Environment	\$ 10,840	\$ 6,734	\$ 10,753	\$ 6,821
Coastal	63,385	268,455	269,706	62,134
EAC Administration	41,846	33,549	41,846	33,549
Endowment fund (Heliotrust)	22,930	-	-	22,930
Energy	39,635	52,948	90,886	1,697
Food Action	52,547	262,181	269,295	45,433
General Projects	40,397	29,819	40,724	29,492
Marine Issues	67,763	373,600	370,306	71,057
Transportation	22,828	242,738	237,295	28,271
Wilderness project	51,266	121,927	115,132	58,061
	<u>\$ 413,437</u>	<u>\$ 1,391,951</u>	<u>\$ 1,445,943</u>	<u>\$ 359,445</u>

6. Deferred capital contributions

	Property	Computer Equipment	Total 2012	Total 2011
Opening balance	\$ 129,708	\$ 8,194	\$ 137,902	\$ 148,795
Contribution received	2,230	-	2,230	2,548
Less: amortization	<u>(9,785)</u>	<u>(2,185)</u>	<u>(11,970)</u>	<u>(13,441)</u>
Ending balance	<u>\$ 122,153</u>	<u>\$ 6,009</u>	<u>\$ 128,162</u>	<u>\$ 137,902</u>

7. Mortgage payable

	2012	2011
Credit Union mortgage, bearing interest at 5.90%, repayable in blended weekly instalments of \$189.55 to July 22, 2020. As security against the mortgage, the Centre has provided an assignment of land and building.	\$ 64,831	\$ 70,749
Less: current portion due within one year	<u>6,144</u>	<u>5,726</u>
	<u>\$ 58,687</u>	<u>\$ 65,023</u>

Estimated principal amount payable within the next five years is as follows:

2013	\$ 6,144
2014	6,521
2015	7,172
2016	7,462
2017	7,909

Ecology Action Centre

Notes to the financial statements

March 31, 2012

9. Commitments

The Centre is renting office equipment under a long-term lease expiring in fiscal 2015. The minimum annual rent for next three years is as follows:

2013	\$ 3,096
2014	3,096
2015	774

10. 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.

11. Reserve fund

During the year, the Board authorized the transfer of \$3,275 (2011 - \$17,500) from operating surplus to the Reserve fund to be used for unexpected costs related to the Fern Lane Property, unexpected legal action, and other expenses that could interrupt business continuity.

12. 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.

13. Line of Credit

The Centre has obtained a line of credit of \$150,000 with Credit Union Atlantic Limited of which \$Nil has been used at March 31, 2012 (2011 - \$Nil). The line of credit is secured by a second mortgage on a specified property.

14. Comparative figures

Certain of the comparative figures for 2011 have been reclassified to conform to the financial statement presentation adopted for 2012.