



Grant Thornton

Financial Statements

Ecology Action Centre

March 31, 2011

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## Independent auditor's report

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

We have audited the accompanying financial statements of **Ecology Action Centre**, which comprise the balance sheet as at March 31, 2011, and the statement of operations, statement of surplus and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory.

### **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 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 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Canada  
June 2, 2011



Chartered Accountants

## Ecology Action Centre Statement of operations

Year ended March 31	2011	2010
Fundraising revenue		
Garden party	\$ 13,969	\$ 15,127
Christmas trees and wreaths	14,717	16,844
Canoe lottery	-	7,455
Art show	-	16,593
Other fundraisers	100	15
	<u>28,786</u>	<u>56,034</u>
Other revenue		
Admin fees on projects	141,313	137,560
Memberships	79,737	68,415
Donations	82,256	63,698
Operating expenses recoveries	27,323	22,572
Between the Issues	14,355	7,850
Interest on savings	3,505	2,965
Miscellaneous	410	4,314
Capital contribution	13,441	15,618
	<u>362,340</u>	<u>322,992</u>
Projects		
Project revenues	1,249,828	1,336,492
Project expenditures (note 5)	<u>(1,249,828)</u>	<u>(1,336,492)</u>
	-	-
Total revenue	<u>391,126</u>	<u>379,026</u>
Fundraising expenses		
Garden party	1,698	802
Christmas trees and wreaths	7,240	7,855
Canoe lottery	-	918
Art show	100	13,673
Other fundraisers	147	1,231
	<u>9,185</u>	<u>24,479</u>
Operating expenses		
Bad debts	-	435
Bank, credit card and payroll fees	5,636	5,216
Between the Issues	20,944	19,696
Depreciation	15,764	18,031
Equipment lease	5,096	4,490
Insurance	7,598	7,174
Membership	1,512	2,158
Miscellaneous	5,635	5,784
Office	14,887	31,197
Power and water utilities	3,729	3,372
Professional fees	15,780	9,095
Project contributions	27,042	12,800
Property financing	4,541	5,256
Property taxes and maintenance	5,195	4,693
Staff wages and benefits	227,443	216,376
Telephone	2,695	2,831
Training and seminars	80	369
Travel	832	824
	<u>364,409</u>	<u>349,797</u>
Total expenses	<u>373,594</u>	<u>374,276</u>
Excess of revenue over expenses	\$ <u>17,532</u>	\$ <u>4,750</u>

See accompanying notes to the financial statements

## Ecology Action Centre Statement of surplus

Year ended March 31

2011 2010

	Operating (Deficit) Surplus	Investment in Capital Assets	Reserve Fund	Total	Total
Surplus, beginning of year	\$ 36,126	\$ 70,740	\$ 40,750	\$ 147,616	\$ 142,866
Excess of revenues over expenses	17,532	-	-	17,532	4,750
Transfer to reserve fund (note 11)	(17,500)	-	17,500	-	-
Capital asset additions, net	(41,210)	41,210	-	-	-
Increase in deferred capital contributions	(10,893)	10,893	-	-	-
Repayment of long term debt	(5,590)	5,590	-	-	-
Repayment of note payable	(8,500)	8,500	-	-	-
Depreciation expense	15,764	(15,764)	-	-	-
Surplus end of year	\$ (14,271)	\$ 121,169	\$ 58,250	\$ 165,148	\$ 147,616

See accompanying notes to the financial statements.

# Ecology Action Centre

## Balance sheet

March 31 2011 2010

### Assets

#### Current

Cash and cash equivalents (note 3)	\$ 342,184	\$ 238,600
Receivables	178,204	155,306
Prepays	<u>2,071</u>	<u>4,212</u>
	522,459	398,118

Property and equipment (note 4)	<u>329,820</u>	<u>304,374</u>
	<u>\$ 852,279</u>	<u>\$ 702,492</u>

### Liabilities

#### Current

Payables and accruals	\$ 65,043	\$ 40,975
Deferred project revenue (note 5)	413,437	280,267
Current portion of mortgage payable (note 7)	<u>5,726</u>	<u>76,339</u>
	484,206	397,581

#### Long-term

Deferred capital contributions (note 6)	137,902	148,795
Mortgage payable (note 7)	65,023	-
Note payable (note 8)	<u>-</u>	<u>8,500</u>
	<u>687,131</u>	<u>554,876</u>

#### Surplus (page 3)

Operating (deficit) surplus	(14,271)	36,126
Investment in capital assets	121,169	70,740
Reserve fund (note 11)	<u>58,250</u>	<u>40,750</u>
	<u>165,148</u>	<u>147,616</u>

	<u>\$ 852,279</u>	<u>\$ 702,492</u>
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Commitments (note 9)

On behalf of the Board

Karen Hollett Director

T. R. Director

See accompanying notes to the financial statements.

# Ecology Action Centre

## Statement of cash flows

Year ended March 31

2011

2010

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenue over expenses	\$ 17,532	\$ 4,750
Depreciation	<u>15,764</u>	<u>18,031</u>
	33,296	22,781
Changes in non-cash working capital balances		
Receivables	(22,898)	86,599
Prepays	2,141	2,672
Payables and accruals	24,068	8,379
Deferred project revenue	<u>133,170</u>	<u>(181,073)</u>
	<u>169,777</u>	<u>(60,642)</u>
<b>Financing</b>		
Contributions received for capital assets	2,548	3,705
Amortization of deferred capital	(13,441)	(15,618)
Repayment of mortgage and note payables	<u>(14,090)</u>	<u>(13,582)</u>
	<u>(24,983)</u>	<u>(25,495)</u>
<b>Investing</b>		
Purchase of property and equipment, net	<u>(41,210)</u>	<u>(5,430)</u>
Net increase (decrease) in cash and cash equivalents	103,584	(91,567)
Cash and cash equivalents, beginning of year	<u>238,600</u>	<u>330,167</u>
Cash and cash equivalents, end of year	\$ <u>342,184</u>	\$ <u>238,600</u>

See accompanying notes to the financial statements.

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2011

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### 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.

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### 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:

Furniture and equipment	20%
Computer equipment	30%
Building	4%

#### 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.

#### Financial instruments

The Centre's financial instruments consist of cash and cash equivalents, receivables, payables and accruals, mortgage payable and note payable. The fair value of these financial instruments approximates their carrying value due to their short term to maturity.

The Centre is exposed to credit and currency risks on the receivables, but in the opinion of Management, the risks are not significant.



# Ecology Action Centre

## Notes to the financial statements

March 31, 2011

### 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 Association is currently assessing the impact of the new standards on its financial statements.

3. Cash committed to projects	<u>2011</u>	<u>2010</u>
Total cash and cash equivalents	\$ <u>342,184</u>	\$ <u>238,600</u>
Cash restricted for projects:		
Built environment	10,840	(6,823)
Coastal	58,167	11,132
EAC administration	24,681	8,749
Endowment fund (HelioTrust)	22,930	22,605
Energy	(20,617)	26,880
Food action	46,964	26,663
General projects	39,457	35,571
Marine issues	12,156	4,760
Reserve fund	58,250	40,750
Transportation	2,749	(48,388)
Wilderness project	<u>51,266</u>	<u>50,032</u>
	<u>306,843</u>	<u>171,931</u>
Unrestricted cash and cash equivalents	\$ <u>35,341</u>	\$ <u>66,669</u>

4. Property and equipment			2011	2010
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 258,882	\$ 57,771	\$ 201,111	\$ 211,538
Computer equipment	53,922	42,285	11,637	15,012
Furniture and equipment	36,159	34,087	2,072	2,824
Land	<u>115,000</u>	-	<u>115,000</u>	<u>75,000</u>
	<u>\$ 463,963</u>	<u>\$ 134,143</u>	<u>\$ 329,820</u>	<u>\$ 304,374</u>

## Ecology Action Centre Notes to the financial statements

March 31, 2011

### 5. Deferred project revenue

	Opening Balance - Funding Carried Over	Funding Received During The Year	Expenditures	Closing Balance - Funding Remaining
Built Environment	\$ 8,766	\$ 39,212	\$ 37,138	\$ 10,840
Coastal	17,913	170,650	125,178	63,385
EAC Administration	29,884	41,846	29,884	41,846
Endowment fund (HelioTrust)	22,605	325	-	22,930
Energy	40,143	183,826	184,334	39,635
Food Action	47,369	111,295	106,117	52,547
General Projects	35,595	44,212	39,410	40,397
Marine Issues	22,830	272,166	227,233	67,763
Transportation	5,130	386,629	368,931	22,828
Wilderness project	<u>50,032</u>	<u>132,837</u>	<u>131,603</u>	<u>51,266</u>
	<u>\$ 280,267</u>	<u>\$ 1,382,998</u>	<u>\$ 1,249,828</u>	<u>\$ 413,437</u>

### 6. Deferred capital contributions

	Property	Computer Equipment	Total 2011	Total 2010
Opening balance	\$ 138,075	\$ 10,720	\$ 148,795	\$ 160,708
Contribution received	2,060	488	2,548	3,705
Less: amortization	<u>(10,427)</u>	<u>(3,014)</u>	<u>(13,441)</u>	<u>(15,618)</u>
Ending balance	<u>\$ 129,708</u>	<u>\$ 8,194</u>	<u>\$ 137,902</u>	<u>\$ 148,795</u>

### 7. Mortgage payable

	2011	2010
Credit Union mortgage, bearing interest at 5.90%, repayable in blended weekly instalments of \$189.55 to July 31, 2015. As security against the mortgage, the Centre has provided an assignment of land and building.	\$ 70,749	\$ 76,339
Less: current portion due within one year	<u>5,726</u>	<u>76,339</u>
	<u>\$ 65,023</u>	<u>\$ -</u>

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

2012	\$ 5,726
2013	6,261
2014	6,635
2015	7,033
2016	7,601

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2011

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### 8. Note payable

	<u>2011</u>	<u>2010</u>
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Note payable relating to the purchase of the property, bearing monthly interest at the Credit Union prime rate on the first day of each month. Loan was paid in full as of Mar 31, 2011.

	\$ <u>          -</u>	\$ <u>      8,500</u>
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### 9. Commitments

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

2012	\$ 3,096
2013	3,096
2014	3,096
2015	774

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### 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.

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### 11. Reserve fund

During the year, the Board authorized the transfer of \$17,500 (2010 - \$4,750) 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.

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### 12. Capital risk management

The Centre's capital is comprised of long term debt, operating (deficit) surplus, investment in capital assets and reserve funds. The Centre's objectives when managing capital is to ensure that funds received are appropriately allocated based upon their intended purpose and that cash is managed to ensure the financial obligations and objectives of the respective projects are met.

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### 13. Line of credit

The Centre has obtained a line of credit of \$150,000 with Credit Union Atlantic. The line of credit is secured by a second mortgage on a specified property. As of March 31, 2011, no amounts have been drawn from this facility.

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