



Financial statements

Ecology Action Centre

March 31, 2017

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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 (the "Centre"), which comprise the statement of financial position as at March 31, 2017, 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, 2017, 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.

*Grant Thornton LLP*

Halifax, Canada  
May 29, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# Ecology Action Centre

## Statement of operations

| Year ended March 31                              | 2017                | 2016                |
|--|---------------------|---------------------|
| Project revenue (Schedule 1)                     | \$ <u>1,686,793</u> | \$ <u>1,618,172</u> |
| Operating revenue                                |                     |                     |
| Administrative fees (contribution from projects) | 166,542             | 170,334             |
| Capital contribution                             | 34,491              | 23,858              |
| Donations  | 112,509             | 116,594             |
| Fundraising events                               | 42,132              | 35,266              |
| Interest on savings and miscellaneous            | 12,595              | 10,453              |
| Magazine ( <i>Ecology and Action</i> )           | 2,350               | 2,660               |
| Memberships                                      | 501,617             | 429,334             |
| Operating expense recoveries                     | 48,270              | 44,313              |
| Space rental                                     | 6,470               | 5,873               |
|  | <u>926,976</u>      | <u>838,685</u>      |
| Total revenue                                    | <u>2,613,769</u>    | <u>2,456,857</u>    |
| Project expenses (Schedule 1)                    | <u>1,686,793</u>    | <u>1,618,172</u>    |
| Operating expenses                               |                     |                     |
| Bank, credit card and payroll fees               | 19,863              | 17,389              |
| Communications                                   | 2,631               | 8,134               |
| Database and computer support                    | 13,758              | 16,630              |
| Depreciation                                     | 42,133              | 26,391              |
| Equipment lease                                  | 3,728               | 3,873               |
| Fundraising events                               | 18,791              | 23,751              |
| Insurance  | 11,320              | 15,650              |
| Magazine ( <i>Ecology and Action</i> )           | 21,048              | 20,514              |
| Membership materials                             | 1,656               | 2,582               |
| Miscellaneous                                    | 8,461               | 10,186              |
| Office   | 22,912              | 26,323              |
| Power, water and telephone                       | 11,885              | 7,655               |
| Professional fees and consulting                 | 13,520              | 11,411              |
| Project contributions                            | 49,807              | 6,450               |
| Property financing                               | 18,356              | 10,764              |
| Property taxes and maintenance                   | 13,727              | 13,111              |
| Staff wages and benefits                         | 630,803             | 554,127             |
| Space rental                                     | -                   | 21,934              |
| Subscriptions and memberships                    | 8,048               | 7,203               |
| Travel   | 3,715               | 6,364               |
|  | <u>916,162</u>      | <u>810,442</u>      |
| Write-down of property                           | -                   | 15,972              |
| Total expenses                                   | <u>2,602,955</u>    | <u>2,444,586</u>    |
| Excess of revenue over expenses                  | \$ <u>10,814</u>    | \$ <u>12,271</u>    |

See accompanying notes to the financial statements

## Ecology Action Centre Statement of surplus

Year ended March 31

2017

2016

|  | <u>Operating</u>   | Investment<br>in capital<br><u>assets</u> | Reserve<br>fund  | <u>Total</u>      | <u>Total</u>      |
|--|--------------------|---|------------------|-------------------|-------------------|
| Surplus (deficit), beginning of year       | \$ (142,537)       | \$ 222,048                                | \$ 80,946        | \$ 160,457        | \$ 148,186        |
| Excess of revenue over expenses            | 10,814             | -   | -                | 10,814            | 12,271            |
| Transfer to reserve fund                   | (10,814)           | -   | 10,814           | -                 | -                 |
| Purchase of property and equipment, net    | (4,311)            | 4,311                                     | -                | -                 | -                 |
| Increase in deferred capital contributions | 95,653             | (95,653)                                  | -                | -                 | -                 |
| Repayment of mortgage                      | (15,026)           | 15,026                                    | -                | -                 | -                 |
| Depreciation expense                       | <u>42,133</u>      | <u>(42,133)</u>                           | -                | -                 | -                 |
| Surplus (deficit), end of year             | <u>\$ (24,088)</u> | <u>\$ 103,599</u>                         | <u>\$ 91,760</u> | <u>\$ 171,271</u> | <u>\$ 160,457</u> |

See accompanying notes to the financial statements.

# Ecology Action Centre

## Statement of financial position

March 31

2017

2016

### Assets

#### Current

|                                    |                  |                |
|------------------------------------|------------------|----------------|
| Cash and cash equivalents (note 3) | \$ 885,268       | \$ 576,554     |
| Receivables                        | 217,923          | 87,564         |
| Prepays                            | <u>10,688</u>    | <u>72,157</u>  |
|                                    | <b>1,113,879</b> | <b>736,275</b> |

Property and equipment (note 4)

|                     |                     |
|---------------------|---------------------|
| <u>960,853</u>      | <u>998,675</u>      |
| <b>\$ 2,074,732</b> | <b>\$ 1,734,950</b> |

### Liabilities

#### Current

|  |                  |                |
|--|------------------|----------------|
| Payables and accruals                        | \$ 38,174        | \$ 124,812     |
| Deferred project revenue (note 5)            | 1,005,933        | 668,254        |
| Deferred operations revenue                  | 2,100            | 4,800          |
| Current portion of mortgage payable (note 7) | <u>15,699</u>    | <u>15,001</u>  |
|  | <b>1,061,906</b> | <b>812,867</b> |

#### Long term

|   |                  |                  |
|---|------------------|------------------|
| Deferred capital contributions (note 6) | 444,583          | 348,930          |
| Mortgage payable (note 7)               | <u>396,972</u>   | <u>412,696</u>   |
|   | <b>841,555</b>   | <b>761,626</b>   |
|   | <u>1,903,461</u> | <u>1,574,493</u> |

### Surplus (page 3)

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| Operating deficit              | (24,088)            | (142,536)           |
| Investment in capital assets   | 103,599             | 222,047             |
| General reserve fund (note 10) | <u>91,760</u>       | <u>80,946</u>       |
|                                | <b>171,271</b>      | <b>160,457</b>      |
|                                | <b>\$ 2,074,732</b> | <b>\$ 1,734,950</b> |

Commitments (note 8)

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

2017

2016

Increase (decrease) in cash and cash equivalents

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Operating</b>                                     |                   |                   |
| Excess of revenue over expenses                      | \$ 10,814         | \$ 12,271         |
| Amortization of deferred capital                     | (34,491)          | (23,858)          |
| Depreciation   | 42,133            | 26,391            |
| Write-down of property                               | -                 | 15,972            |
|  | <u>18,456</u>     | <u>30,776</u>     |
| Changes in non-cash working capital balances         |                   |                   |
| Receivables  | (130,359)         | (9,328)           |
| Prepays  | 61,469            | (65,897)          |
| Payables and accruals                                | (86,638)          | 28,660            |
| Deferred project revenue                             | 334,979           | (24,524)          |
|  | <u>197,907</u>    | <u>(40,313)</u>   |
| <b>Financing</b>                                     |                   |                   |
| Contributions received for property and equipment    | 130,144           | 188,623           |
| Proceeds from issuance of mortgage                   | -                 | 445,000           |
| Repayment of mortgage                                | (15,026)          | (62,172)          |
|  | <u>115,118</u>    | <u>571,451</u>    |
| <b>Investing</b>                                     |                   |                   |
| Purchase of property and equipment, net              | (4,311)           | (705,234)         |
| Net increase (decrease) in cash and cash equivalents | 308,714           | (174,096)         |
| Cash and cash equivalents, beginning of year         | <u>576,554</u>    | <u>750,650</u>    |
| Cash and cash equivalents, end of year               | \$ <u>885,268</u> | \$ <u>576,554</u> |

See accompanying notes to the financial statements.

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2017

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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      | 55%    |
| 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, 2017

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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, 2017

### 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>2017</u>       | <u>2016</u>         |
|---|-------------------|---------------------|
| Total cash and cash equivalents                 | \$ <u>885,268</u> | \$ <u>576,554</u>   |
| Cash internally restricted for projects:        |                   |                     |
| Built Environment                               | 24,254            | 10,249              |
| Coastal   | 44,494            | 49,774              |
| EAC administration                              | 70,987            | 53,936              |
| Endowment fund (HelioTrust)                     | 22,863            | 22,863              |
| Energy  | (29,449)          | 33,789              |
| Food Action                                     | (26,372)          | 27,789              |
| General projects                                | 73,044            | 49,213              |
| Marine issues                                   | 506,327           | 321,250             |
| General reserve fund                            | 91,760            | 80,946              |
| Transportation                                  | 66,419            | 29,167              |
| Wilderness project                              | 50,781            | 23,996              |
| Internally restricted cash and cash equivalents | <u>895,108</u>    | <u>702,972</u>      |
| Unrestricted cash and cash equivalents          | \$ <u>(9,840)</u> | \$ <u>(126,418)</u> |

| 4. Property and equipment |                     |                                     | <u>2017</u>               | <u>2016</u>               |
|---------------------------|---------------------|-------------------------------------|---------------------------|---------------------------|
|                           | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Net<br/>Book Value</u> | <u>Net<br/>Book Value</u> |
| Building and improvements | \$ 1,036,367        | \$ 156,313                          | \$ 880,052                | \$ 894,467                |
| Computer equipment        | 58,958              | 57,189                              | 1,769                     | 3,931                     |
| Furniture and equipment   | 44,663              | 40,632                              | 4,032                     | 5,277                     |
| Land                      | 75,000              | -                                   | 75,000                    | 75,000                    |
| Surplus land              | -                   | -                                   | -                         | 20,000                    |
|                           | <u>\$ 1,214,988</u> | <u>\$ 254,134</u>                   | <u>\$ 960,854</u>         | <u>\$ 998,675</u>         |

## Ecology Action Centre

### Notes to the financial statements

March 31, 2017

| 5. Deferred project revenue | March 31,<br>2016<br>Balance<br>funding<br>carried over | Funding<br>received<br>during<br>the year | <u>Expenditures</u> | March 31,<br>2017<br>Balance<br>funding<br>remaining |
|-----------------------------|---|---|---------------------|--|
| Built Environment           | \$ 11,987   | \$ 46,970                                 | \$ 34,704           | \$ 24,254  |
| Coastal                     | 51,950  | 109,369                                   | 116,823             | 44,494   |
| Endowment fund (HelioTrust) | 22,863  | -   | -                   | 22,863   |
| Energy                      | 35,175  | 123,084                                   | 150,646             | 7,615  |
| Food Action                 | 27,929  | 471,288                                   | 453,533             | 45,682   |
| General projects            | 58,165  | 101,854                                   | 77,498              | 82,519   |
| Marine issues               | 337,502   | 795,210                                   | 572,440             | 560,273  |
| Transportation              | 31,264  | 212,096                                   | 175,032             | 68,327   |
| Wilderness project          | <u>30,610</u>   | <u>138,459</u>                            | <u>106,117</u>      | <u>62,955</u>  |
| Total projects              | 607,445   | 1,998,330                                 | 1,686,793           | 918,982  |
| EAC administration          | <u>60,809</u>   | <u>86,951</u>                             | <u>60,809</u>       | <u>86,951</u>  |
|                             | <u>\$ 668,254</u>                                       | <u>\$ 2,085,281</u>                       | <u>\$ 1,747,602</u> | <u>\$ 1,005,933</u>                                  |

#### 6. Deferred capital contributions

|                       | <u>Property</u>   | <u>Computer<br/>Equipment</u> | <u>Total<br/>2017</u> | <u>Total<br/>2016</u> |
|-----------------------|-------------------|-------------------------------|-----------------------|-----------------------|
| Opening balance       | \$ 346,681        | \$ 2,249                      | \$ 348,930            | \$ 184,165            |
| Contribution received | 130,144           | -                             | 130,144               | 188,623               |
| Less: amortization    | <u>(33,726)</u>   | <u>(765)</u>                  | <u>(34,491)</u>       | <u>(23,858)</u>       |
| Ending balance        | <u>\$ 443,099</u> | <u>\$ 1,484</u>               | <u>\$ 444,583</u>     | <u>\$ 348,930</u>     |

#### 7. Mortgage payable

|   | <u>2017</u>       | <u>2016</u>       |
|---|-------------------|-------------------|
| 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 | \$ 412,671        | \$ 427,697        |
| Less: current portion due within one year   | <u>15,699</u>     | <u>15,001</u>     |
|   | <u>\$ 396,972</u> | <u>\$ 412,696</u> |

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

|      |           |
|------|-----------|
| 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, 2017

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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 three years is as follows:

|      |    |       |
|------|----|-------|
| 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 \$10,814 (2016 - \$12,271) 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, 2017 (2016 - \$Nil).

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### 13. Change in accounting estimates

During the year the Company re-evaluated the useful life of the computer equipment and determined its remaining expected useful life to be at a rate of 55%, not 30% based on the previous estimate. This change in accounting estimate has been applied prospectively. The Company will continue to amortize the computer equipment on declining balance basis over the remaining useful life. The impact on amortization expense in the current year is an increase of \$983.

## Ecology Action Centre Schedule of project revenue and expenses

Year ended March 31 2017 2016

### Project revenue

|   |                         |                         |
|---|-------------------------|-------------------------|
| Donations   | \$ 147,682              | \$ 121,212              |
| Expense recoveries                                  | 12,874                  | 6,578                   |
| Foundations and private                             | 389,252                 | 493,259                 |
| Government  | 730,433                 | 674,988                 |
| NGOs  | 828,037                 | 434,841                 |
| Other   | <u>82,736</u>           | <u>28,304</u>           |
|   | <b>2,191,014</b>        | <b>1,759,182</b>        |
| <br>(Decrease) increase in deferred project revenue | <br><u>(337,679)</u>    | <br><u>29,324</u>       |
|   | <b>1,853,335</b>        | <b>1,788,506</b>        |
| <br>Administrative fees (contribution to core)      | <br><u>(166,542)</u>    | <br><u>(170,334)</u>    |
| <br>Total project revenue                           | <br><b>\$ 1,686,793</b> | <br><b>\$ 1,618,172</b> |

### Project expenses

|                                      |                         |                         |
|--------------------------------------|-------------------------|-------------------------|
| Communications                       | \$ 41,533               | \$ 23,105               |
| Contracts and consultants            | 146,670                 | 123,472                 |
| Materials, phone, equipment and rent | 123,241                 | 102,555                 |
| Other                                | 38,613                  | 44,194                  |
| Salaries                             | 1,158,326               | 1,205,706               |
| Training and conferences             | 17,432                  | 16,357                  |
| Travel, meals and accommodation      | 143,004                 | 92,266                  |
| Workshop events                      | <u>17,974</u>           | <u>10,517</u>           |
| <br>Total project expenses           | <br><b>\$ 1,686,793</b> | <br><b>\$ 1,618,172</b> |