

Ecology Action Centre  
Financial Statements  
For the Year Ended March 31, 2022

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Financial Statements  
For the Year Ended March 31, 2022

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Contents

Independent Auditor's Report	1 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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## Independent Auditor's Report

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To the members of Ecology Action Centre

### Qualified Opinion

We have audited the financial statements of Ecology Action Centre (the "Centre"), which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Centre derives revenue from donations and fundraising, the completeness of which is not susceptible to complete 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 donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. The predecessor auditor's audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements of Ecology Action Centre for the year ended March 31, 2021 were reported on by another firm of professional accountants who expressed a qualified opinion on those financial statements on May 31, 2021.



## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Dartmouth, Nova Scotia  
August 19, 2022

## Ecology Action Centre Statement of Financial Position

March 31	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 2,562,176	\$ 1,973,259
Accounts receivable	233,581	298,377
Government remittances receivable	16,760	40,500
Prepaid expenses	28,330	17,571
	2,840,847	2,329,707
Capital assets (Note 2)	826,669	857,332
	\$ 3,667,516	\$ 3,187,039
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 115,472	\$ 164,985
Deferred project revenue (Note 3)	1,834,543	1,667,985
Current portion of long-term debt (Note 5)	19,994	18,684
	1,970,009	1,851,654
Deferred contributions (Note 4)	309,454	340,718
Long-term debt (Note 5)	312,612	333,341
	2,592,075	2,525,713
<b>Net Assets</b>		
Operating surplus (deficit)	-	(85,078)
Emergency fund	133,008	133,008
Fern Lane fund	96,000	66,000
Strategic fund	661,824	382,807
Investment in capital assets	184,609	164,589
	1,075,441	661,326
	\$ 3,667,516	\$ 3,187,039

On behalf of the Board:

  
Avo Makaniuaia (Aug 23, 2022 19:27 ADT)

Director

  
Christina Macdonald (Aug 24, 2022 09:26 ADT)

Director

The accompanying notes are an integral part of these financial statements.

Ecology Action Centre  
Statement of Changes in Net Assets

For the year ended March 31	Operating Fund	Emergency Fund	Fern Lane Fund	Strategic Fund	Investment in Capital Assets	2022 Total	2021 Total
Balance, beginning of the year	\$ (85,078)	\$ 133,008	\$ 66,000	\$ 382,807	\$ 164,589	\$ 661,326	\$ 278,519
Excess of revenues over expenses	500,317	-	-	(86,202)	-	414,115	382,807
Transfer of funds	(395,219)	-	30,000	365,219	-	-	-
Purchase of capital assets	(1,000)	-	-	-	1,000	-	-
Amortization of deferred capital contributions	(31,264)	-	-	-	31,264	-	-
Repayment of long- term debt	(19,419)	-	-	-	19,419	-	-
Amortization of capital assets	31,663	-	-	-	(31,663)	-	-
Balance, end of the year	\$ -	\$ 133,008	\$ 96,000	\$ 661,824	\$ 184,609	\$ 1,075,441	\$ 661,326

The accompanying notes are an integral part of these financial statements.

## Ecology Action Centre Statement of Operations

For the year ended March 31

2022

2021

	2022	2021
<b>Revenue</b>		
Donations	\$ 1,777,506	\$ 1,134,457
Government funding	575,292	763,775
Memberships	554,955	578,080
Administrative fees	258,910	173,587
Interest and miscellaneous	89,243	19,740
Amortization of deferred capital contributions	31,264	36,632
Fundraising activities	26,160	21,194
Operating expense recoveries	7,192	42,399
	3,320,522	2,769,864
<b>Expenses</b>		
Amortization	31,663	37,522
Bad debt	-	130
Bank and credit card charges	24,818	24,799
Communications	49,730	70,266
Contracts	98,220	229,698
Data processing	12,161	17,367
Fundraising activities	22,333	9,853
Insurance	17,093	12,267
Interest on long-term debt	13,406	10,574
Magazine ('Ecology and Action')	21,286	7,851
Memberships	15,521	14,796
Miscellaneous	14,948	27,548
Office	96,337	54,067
Professional fees	193,226	65,904
Property taxes	20,452	15,999
Rental	23,353	17,515
Training	7,598	9,152
Travel	53,327	16,293
Utilities	26,668	24,672
Wages and benefits	2,164,267	1,720,784
	2,906,407	2,387,057
<b>Excess of revenues over expenses</b>	<b>\$ 414,115</b>	<b>\$ 382,807</b>

The accompanying notes are an integral part of these financial statements.



## Ecology Action Centre Statement of Cash Flows

For the year ended March 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 414,115	\$ 382,807
Items not affecting cash:		
Amortization of capital assets	31,663	37,522
Amortization of deferred capital contributions	(31,264)	(36,632)
	414,514	383,697
Changes in non-cash working capital:		
Accounts receivable	64,796	(142,469)
Government remittances receivable	23,740	-
Prepaid expenses	(10,759)	(6,719)
Accounts payable and accrued liabilities	(49,513)	130,934
Deferred project revenue	166,558	470,164
	609,336	835,607
Cash flows from investing activities		
Purchase of capital assets	(1,000)	(2,123)
Cash flows from financing activities		
Repayment of long-term debt	(19,419)	(14,199)
Net increase in cash	588,917	819,285
Cash, beginning of the year	1,973,259	1,153,974
Cash, end of the year	\$ 2,562,176	\$ 1,973,259

The accompanying notes are an integral part of these financial statements.

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# Ecology Action Centre Notes to Financial Statements

March 31, 2022

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## 1 .Significant Accounting Policies

Nature and Purpose of Organization	Ecology Action Centre (the "Centre") is a not-for-profit organization incorporated under the Societies Act of Nova Scotia and is exempt from income tax under <i>Section 149(1)(l)</i> of the Income Tax Act. The Centre aims to increase the appreciation, protection, and enhancement of the environment of Nova Scotia.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Internally Restricted Net Assets	<p>The Reserve Fund represents amounts restricted by the Board of Directors to fund unexpected costs that could impact or interrupt business continuity.</p> <p>The Capital Fund represents amounts restricted by the Board of Directors to fund medium or long-term maintenance of the Centre's capital assets.</p> <p>The Strategic Fund represents amounts restricted by the Board of Directors to fund strategic project or operational initiatives as they arise.</p>
Operating Fund	Revenues and expenses related to operations and program delivery are reported in the Operating Fund.
Cash	Cash consists of cash on hand and balances with banks.

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## Ecology Action Centre Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Purchased capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated using the declining balance method at the following rates:

	Method	Rate
Building	Declining balance	4%
Building improvements	Declining balance	10-30%
Computer equipment	Declining balance	55%
Furniture and equipment	Declining balance	20-30%

When a capital asset no longer contributes to the Centre's ability to provide goods and services, or the future economic benefits or service potential of the capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

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## Ecology Action Centre Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

**Revenue Recognition**            The Centre follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Project revenues received in advance of the related project expenditures are deferred and recognized in the period when the related expenditures have been incurred.

Capital contributions for related capital assets are deferred and amortized into revenue using the method and rate corresponding with the amortization method and rate for related capital assets.

Government assistance consists of amounts received or claimed under the Canada Emergency Wage Subsidy ("CEWS"), which provides companies with assistance paying a percentage of employee wages. Government assistance is recognized as revenue in the same period as the related wages are incurred, when there is reasonable assurance that the entity can meet the conditions of the CEWS, the amount to be received can be reasonably estimated, and collection is reasonably assured.

**Administrative Fees**            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.

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## Ecology Action Centre Notes to Financial Statements

March 31, 2022

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### 1. Significant Accounting Policies (continued)

Financial Instruments	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>
Contributed Services	<p>Volunteers contribute many hours per year to assist the Centre in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>
Use of Estimates	<p>The preparation of these financial statements, in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The most significant estimates relate to the useful lives of capital assets and impairment thereon.</p>

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Ecology Action Centre  
Notes to Financial Statements

March 31, 2022

2. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 75,000	\$ -	\$ 75,000	\$ -
Building and building improvements	1,093,772	343,429	1,093,772	312,165
Computer equipment	62,789	62,463	62,789	62,064
Furniture and equipment	45,663	44,663	44,663	44,663
	<u>1,277,224</u>	<u>450,555</u>	<u>1,276,224</u>	<u>418,892</u>
		<u>\$ 826,669</u>		<u>\$ 857,332</u>

3. Deferred Project Revenue

Deferred project revenue consists of amounts received in advance of related project expenditures and are recognized as revenue in the period in which the related expenditures have been incurred. As at March 31, 2022, the deferred revenue relating to specific projects is as follows:

	2022	2021
Administration	\$ -	\$ 191,170
Built environment	105,808	57,229
Coastal	84,184	68,367
Cross team	32,186	63,600
Endowment fund	-	24,938
Energy	577,426	143,875
Food action	188,237	100,173
General	-	203,910
Marine	449,034	381,423
Transportation	106,053	183,248
Wilderness	291,615	250,052
	<u>\$ 1,834,543</u>	<u>\$ 1,667,985</u>

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## Ecology Action Centre Notes to Financial Statements

March 31, 2022

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#### 4. Deferred Capital Contributions

Deferred capital contributions represent the unamortized portion of contributed capital assets and restricted contributions used to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2022	2021
Beginning balance	\$ 340,718	\$ 377,350
Add: restricted contributions received	-	-
Less: amortization of deferred contributions	(31,264)	(36,632)
Ending balance	\$ 309,454	\$ 340,718

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#### 5. Long-Term Debt

	2022	2021
Credit Union Atlantic mortgage, bearing interest at a fixed rate of 3.85%, repayable in blended weekly payments of \$621, secured by assignment of land and building, matures in May 2025, amortized to May 2035.	\$ 332,606	\$ 352,025
Less: current portion	(19,994)	(18,684)
	\$ 312,612	\$ 333,341

Principal repayments on long-term debt over the next three years are as follows:

2023	\$	19,994	
2024		20,771	
2025		21,579	
Thereafter		270,262	
	\$	332,606	

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#### 6. 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. No amount has been drawn upon as at March 31, 2022 (2021 - \$Nil).

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## Ecology Action Centre Notes to Financial Statements

March 31, 2022

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### 7. Financial Instruments

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Centre is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Centre's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivables from contributors, which are closely monitored by management for delinquent payments. There has been no provision recorded for allowance for doubtful accounts in the current year.

There have not been any changes in the risk from the prior year.

#### Liquidity risk

Liquidity risk is the risk that the Centre will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Centre will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Centre is exposed to this risk mainly in respect of its accounts payable and long-term debt.

The Centre's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Centre also maintains certain credit facilities, which can be drawn upon as needed.

There have not been any changes in the risk from the prior year.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Centre is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-interest instruments subject the Centre to a fair value risk.

There have not been any changes in the risk from the prior year.

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### 8. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

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# 2022.03.31 Ecology Action Centre

Final Audit Report

2022-08-24

Created:	2022-08-23
By:	Julia Pollack (info@ecologyaction.ca)
Status:	Signed
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2022-08-23 - 10:27:01 PM GMT- IP address: 168.91.20.141
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Signature Date: 2022-08-23 - 10:27:02 PM GMT - Time Source: server- IP address: 168.91.20.141
-  Signer cmb.macdonald@gmail.com entered name at signing as Christina Macdonald  
2022-08-24 - 12:26:44 PM GMT- IP address: 64.66.218.2
-  Document e-signed by Christina Macdonald (cmb.macdonald@gmail.com)  
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2022-08-24 - 12:26:46 PM GMT