Ecology Action Centre
Financial Statements
For the Year Ended March 31, 2024

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Independent Auditor's Report

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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years.

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.

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

Halifax, Nova Scotia
August 26, 2024

Ecology Action Centre
Statement of Financial Position

March 31		2024		2023
Assets				
Current				
Cash	$	**737,178**	$	644,426
Term deposits (Note 2)		**813,856**		1,000,256
Accounts receivable		**128,296**		92,501
Government remittances receivable		**23,687**		25,165
Prepaid expenses		**56,402**		36,582
		1,759,419		1,798,930
Term deposits (Note 2)		**1,046,878**		775,213
Capital assets (Note 3)		**802,908**		830,330
	$	**3,609,205**	$	3,404,473

Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	$	**210,712**	$	213,429
Deferred project revenue (Note 4)		**1,590,511**		1,388,027
Current portion of long-term debt (Note 6)		**21,579**		20,771
		1,822,802		1,622,227
Deferred contributions (Note 5)		**394,931**		418,596
Long-term debt (Note 6)		**270,621**		292,030
		2,488,354		2,332,853
Net Assets				
Emergency fund		**133,008**		133,008
Fern Lane fund		**104,841**		104,841
Strategic fund		**632,226**		713,678
Project fund		**113,834**		-
Investment in capital assets		**136,942**		120,093
		1,120,851		1,071,620
	$	**3,609,205**	$	3,404,473

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	Project Fund (Note 8)	Investment in Capital Assets	2024 Total	2023 Total
Balance, beginning of the year	$ -	$ 133,008	$ 104,841	$ 713,678	$ -	$ 120,093	$ 1,071,620	$ 967,191
Excess of revenues over expenses	32,829	-	-	38,643	(22,241)	-	49,231	104,429
Transfer of funds	(15,980)	-	-	(120,095)	136,075	-	-	-
Purchase of capital assets	(15,573)	-	-	-	-	15,573	-	-
Receipt of deferred contributions	6,226	-	-	-	-	(6,226)	-	-
Amortization of deferred capital contributions	(29,891)	-	-	-	-	29,891	-	-
Repayment of long-term debt	(20,602)	-	-	-	-	20,602	-	-
Amortization of capital assets	42,991	-	-	-	-	(42,991)	-	-
Balance, end of the year	$ -	$ 133,008	$ 104,841	$ 632,226	$ 113,834	$ 136,942	$ 1,120,851	$ 1,071,620

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

Ecology Action Centre
Statement of Operations

For the year ended March 31		2024		2023
Revenue				
Foundations and charities	$	**1,239,116**	$	1,532,732
Government funding		**705,788**		817,989
Memberships		**558,127**		551,313
Donations		**713,452**		535,017
Other funding		**520,178**		414,269
Interest and miscellaneous		**110,460**		58,183
Amortization of deferred capital contributions		**29,891**		17,339
Fundraising activities		**15,893**		3,975
		3,892,905		3,930,817
Expenses				
Amortization		**42,991**		41,247
Bank and credit card charges		**27,322**		26,191
Communications		**67,608**		51,026
Fundraising activities		**6,274**		13,453
Insurance		**20,863**		24,097
Interest on long-term debt		**11,383**		12,400
IT Services		**33,693**		43,413
Magazine ('Ecology and Action')		**21,044**		16,080
Memberships and subscriptions		**37,304**		25,438
Office		**6,206**		7,956
Professional and consultant fees		**528,255**		615,213
Property taxes		**20,404**		1,711
Rental		**53,858**		41,365
Repairs and maintenance		**18,646**		12,559
Supplies and materials		**39,740**		68,657
Training		**16,465**		25,095
Travel and meetings		**182,728**		174,085
Utilities		**39,790**		27,221
Wages and benefits		**2,669,100**		2,599,181
		3,843,674		3,826,388
Excess of revenues over expenses	$	**49,231**	$	104,429

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

Ecology Action Centre
Statement of Cash Flows

For the year ended March 31	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses	$ **49,231**	$ 104,429
Items not affecting cash:		
Amortization of capital assets	**42,991**	41,247
Amortization of deferred capital contributions	**(29,891)**	(17,339)
	62,331	128,337
Changes in non-cash working capital:		
Accounts receivable	**(35,795)**	141,080
Government remittances receivable	**1,478**	(8,405)
Prepaid expenses	**(19,820)**	(8,252)
Accounts payable and accrued liabilities	**(2,711)**	97,958
Deferred project revenues	**202,484**	(446,516)
Deferred contribution revenues	**6,226**	18,231
	214,193	(77,567)
Cash flows from investing activities		
Purchase of capital assets	**(15,573)**	(44,908)
Purchase of term deposits, net of maturities	**(85,266)**	(1,775,469)
	(100,839)	(1,820,377)
Cash flows from financing activity		
Repayment of long-term debt	**(20,602)**	(19,806)
Net increase (decrease) in cash	**92,752**	(1,917,750)
Cash, beginning of the year	**644,426**	2,562,176
Cash, end of the year	$ **737,178**	$ 644,426

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

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 *Section 149(1)(l)* 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.

Cash

Cash consists of cash on hand and amounts on deposit with financial institutions.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

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.

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.

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.

Internally Restricted Net Assets

The Emergency Fund represents amounts restricted by the Board of Directors to fund unexpected costs that could impact or interrupt business continuity.

The Fern Lane Fund represents amounts restricted by the Board of Directors to fund medium or long-term maintenance of the Centre's capital assets.

The Strategic Fund represents amounts restricted by the Board of Directors to fund strategic project or operational initiatives as they arise.

The Project Fund represents amounts restricted by the Board of Directors to fund project initiatives.

Operating Fund

Revenues and expenses related to operations and program delivery are reported in the Operating Fund.

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

The Centre makes periodic applications for financial assistance under government incentive programs. These amounts are recognized as revenue when received or receivable if 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.

Contributed Services

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.

March 31, 2024

1. Significant Accounting Policies (continued)

Use of Estimates

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.

2. Term Deposits

	2024	2023
Current		
5.00% term deposit, maturing September 2024	**$ 813,856**	$ -
4.50% term deposit, matured March 2024	**-**	500,123
4.85% term deposit, matured March 2024	**-**	500,133
	813,856	1,000,256
Long-term		
5.05% term deposit, maturing April 2025	**1,046,878**	-
5.00% term deposit, matured September 2024	**-**	775,213
	$ 1,860,734	$ 1,775,469

3. Capital Assets

	2024		2023	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 75,000**	**$ -**	$ 75,000	$ -
Building and building improvements	**1,114,931**	**410,399**	1,114,931	377,766
Computer equipment	**102,107**	**79,371**	86,538	69,173
Furniture and equipment	**45,663**	**45,023**	45,663	44,863
	1,337,701	**534,793**	1,322,132	491,802
		$ 802,908		$ 830,330

4. 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 year-end the deferred revenue relating to specific projects is as follows:

	2024	2023
Built environment	**$ 67,738**	$ 91,101
Coastal	**40,652**	62,714
Cross team	**121,575**	46,896
Energy	**459,447**	481,060
Food action	**266,381**	211,649
Marine	**451,034**	278,361
Operations	**-**	-
Transportation	**10,050**	31,550
Wilderness	**173,634**	184,696
	$ 1,590,511	$ 1,388,027

5. 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:

	2024	2023
Beginning balance	$ **418,596**	$ 417,704
Add: restricted contributions received	**6,226**	18,231
Less: amortization of deferred contributions	**(29,891)**	(17,339)
Ending balance	$ **394,931**	$ 418,596

6. Long-Term Debt

	2024	2023
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.	$ **292,200**	$ 312,801
Less: current portion	**(21,579)**	(20,771)
	$ **270,621**	$ 292,030

Principal repayments on long-term debt over the next year is as follows:

2025	21,579
Thereafter	270,621
	$ 292,200

7. 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, 2024 (2023 - $Nil).

8. Project Fund

	Marine	Transportation	Built Environment	2024	2023
Project Fund, beginning of the year	$ -	$ -	$ -	$ -	$ -
Excess of revenue over expenses	(3,223)	(64,595)	(19,335)	(87,153)	-
Transfer of funds	3,223	112,086	85,678	200,987	-
Project Fund, end of the year	$ -	$ 47,491	$ 66,343	$113,834	$ -

9. 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.

This risk has increased during the year due to the purchase of term deposits.

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.

This risk has decreased during the year due to repayment of long-term debt.