



Financial statements

Ecology Action Centre

March 31, 2019

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Independent auditor's report

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To the officers and 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, 2019, and the statements of operations, surplus 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 effects of the matter 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 Ecology Action Centre as at March 31, 2019, 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 fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

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.

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.

Halifax, Canada
May 27, 2019

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Ecology Action Centre

Statement of operations

Year ended March 31	2019	2018
Project revenue (Schedule 1)	\$ <u>2,436,353</u>	\$ <u>2,459,186</u>
Operating revenue		
Administrative fees (contribution from projects)	220,539	208,979
Capital contribution	40,620	40,410
Donations	157,824	145,838
Fundraising events	36,110	46,390
Interest on savings and miscellaneous	18,287	15,123
Magazine (<i>Ecology and Action</i>)	-	2,100
Memberships	612,793	626,398
Operating expense recoveries	54,916	62,306
Space rental	-	6,900
	<u>1,141,089</u>	<u>1,154,444</u>
Total revenue	<u>3,577,442</u>	<u>3,613,630</u>
Project expenses (Schedule 1)	<u>2,436,353</u>	<u>2,459,186</u>
Operating expenses		
Bank, credit card and payroll fees	23,611	24,265
Communications	5,293	3,169
Database and computer support	8,747	16,153
Depreciation	43,846	42,553
Equipment lease	4,709	5,623
Fundraising events	22,467	18,913
Insurance	11,529	11,353
Magazine (<i>Ecology and Action</i>)	21,292	22,759
Membership materials	1,231	2,148
Miscellaneous	11,409	9,958
Office	25,707	28,205
Power, water and telephone	12,866	13,375
Professional fees and consulting	54,814	17,396
Project contributions	125,563	144,823
Property financing	17,882	17,688
Property taxes and maintenance	18,068	15,496
Staff wages and benefits	707,103	735,208
Subscriptions and memberships	8,392	6,663
Travel	4,429	6,970
	<u>1,128,958</u>	<u>1,142,718</u>
Total expenses	<u>3,565,311</u>	<u>3,601,904</u>
Excess of revenue over expenses	\$ <u>12,131</u>	\$ <u>11,726</u>

Ecology Action Centre

Statement of surplus

Year ended March 31

2019

2018

	<u>Operating</u>	Investment, in capital <u>assets</u>	<u>Reserve fund</u>	<u>Total</u>	<u>Total</u>
Surplus, beginning of year	\$ (37,638)	\$ 117,149	\$ 103,486	\$ 182,997	\$ 171,271
Excess of revenue over expenses	12,131	-	-	12,131	11,726
Transfer to reserve fund	(12,131)	-	12,131	-	-
Purchase of property and equipment, net	(2,098)	2,098	-	-	-
Increase in deferred capital contributions	(38,522)	38,522	-	-	-
Repayment of mortgage	(17,212)	17,212	-	-	-
Depreciation expense	<u>43,846</u>	<u>(43,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus, end of year	<u>\$ (51,624)</u>	<u>\$ 131,135</u>	<u>\$ 115,617</u>	<u>\$ 195,128</u>	<u>\$ 182,997</u>

Ecology Action Centre

Statement of financial position

March 31

2019

2018

Assets

Current

Cash and cash equivalents	\$ 1,051,126	\$ 1,503,826
Receivables	142,087	184,323
Prepays	9,460	10,215
	<u>1,202,673</u>	<u>1,698,364</u>

Property and equipment (Note 3)

926,867 968,614

\$ 2,129,540 \$ 2,666,978

Liabilities

Current

Payables and accruals	\$ 41,877	\$ 62,942
Deferred project revenue (Note 4)	1,088,596	1,563,316
Deferred operations revenue	8,207	6,258
Current portion of mortgage payable (Note 6)	17,127	16,397
	<u>1,155,807</u>	<u>1,648,913</u>

Deferred capital contributions (Note 5)

415,966 454,487

Mortgage payable (Note 6)

362,639 380,581

1,934,412 2,483,981

Surplus (page 4)

Operating deficit	(51,624)	(37,638)
Investment in capital assets	131,135	117,149
General reserve fund (Note 8)	115,617	103,486
	<u>195,128</u>	<u>182,997</u>

\$ 2,129,540 \$ 2,666,978

Commitments (Note 7)

On behalf of the Board



Director



Director

Ecology Action Centre

Statement of cash flows

Year ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 12,131	\$ 11,726
Amortization of deferred capital	(40,620)	(40,410)
Depreciation	<u>43,846</u>	<u>42,553</u>
	15,357	13,869
Changes in non-cash working capital balances		
Receivables	42,236	33,600
Prepays	755	473
Payables and accruals	(21,065)	24,768
Deferred revenues	<u>(472,771)</u>	<u>561,541</u>
	<u>(435,488)</u>	<u>634,251</u>
Financing		
Contributions received for property and equipment	2,098	50,314
Repayment of mortgage	<u>(17,212)</u>	<u>(15,693)</u>
	<u>(15,114)</u>	<u>34,621</u>
Investing		
Purchase of property and equipment, net	<u>(2,098)</u>	<u>(50,314)</u>
Net (decrease) increase in cash and cash equivalents	(452,700)	618,558
Cash and cash equivalents, beginning of year	<u>1,503,826</u>	<u>885,268</u>
Cash and cash equivalents, end of year	\$ <u>1,051,126</u>	\$ <u>1,503,826</u>

Ecology Action Centre

Notes to the financial statements

March 31, 2019

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. The 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.

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 earned.

Ecology Action Centre

Notes to the financial statements

March 31, 2019

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

Whenever events or changes in circumstances indicate a capital asset no longer has any long term service potential to the Centre, the excess of its net carrying amount over any residual value would be recognized as an expense. Such a write-down is not reversed if the service potential subsequently improves.

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, 2019

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. Property and equipment			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Building and improvements	1,088,779	236,912	851,867	890,389
Computer equipment	58,958	58,958	-	-
Furniture and equipment	<u>44,663</u>	<u>44,663</u>	<u>-</u>	<u>3,225</u>
	<u>\$ 1,267,400</u>	<u>\$ 340,533</u>	<u>\$ 926,867</u>	<u>\$ 968,614</u>

4. Deferred project revenue	March 31,			March 31,
	2018	Funding	Expenditures	2019
	Balance	received		Balance
	funding	during		funding
	carried over	the year		remaining
Built Environment	\$ 15,910	\$ 42,325	\$ 27,435	\$ 30,800
Coastal	58,064	178,015	164,589	71,490
Endowment fund (HelioTrust)	24,238	250	-	24,488
Energy	112,308	279,540	254,375	137,473
Food Action	6,558	497,636	490,390	13,804
General projects	194,785	112,935	53,778	253,942
Marine issues	857,406	524,946	1,072,200	310,152
Transportation	81,897	231,742	241,832	71,807
Wilderness project	<u>74,902</u>	<u>143,466</u>	<u>131,753</u>	<u>86,615</u>
Total projects	1,426,068	2,010,855	2,436,352	1,000,571
EAC administration	<u>137,248</u>	<u>88,025</u>	<u>137,248</u>	<u>88,025</u>
	<u>\$ 1,563,316</u>	<u>\$ 2,098,880</u>	<u>\$ 2,573,600</u>	<u>\$ 1,088,596</u>

Ecology Action Centre

Notes to the financial statements

March 31, 2019

5. Deferred capital contributions	<u>Property</u>	<u>Total</u> <u>2019</u>	<u>Total</u> <u>2018</u>
Opening balance	\$ 454,488	\$ 454,488	\$ 444,584
Contribution received	2,098	2,098	50,314
Less: amortization	<u>(40,620)</u>	<u>(40,620)</u>	<u>(40,410)</u>
Ending balance	\$ <u>415,966</u>	\$ <u>415,966</u>	\$ <u>454,488</u>

6. Mortgage payable	<u>2019</u>	<u>2018</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. The mortgage is up to be refinanced in 2021.	\$ 379,766	\$ 396,978
Less: current portion due within one year	<u>17,127</u>	<u>16,397</u>
	<u>\$ 362,639</u>	<u>\$ 380,581</u>

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

2020	\$ 17,127
2021	17,888
2022	18,684
2023	19,515
2024	20,383

7. Commitments

The Centre is renting office equipment under a long term lease expiring in fiscal 2020. The minimum annual rent for the next year is as follows:

2020	\$ 760
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8. Reserve fund

During the year, the Board authorized the transfer of \$12,131 (2018 - \$11,726) 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.

Ecology Action Centre

Notes to the financial statements

March 31, 2019

9. 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.

10. 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, 2019 (2018 - \$Nil).

11. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

Ecology Action Centre

Schedule or project revenue and expenses

Year ended March 31	2019	2018
Project revenue		
Donations	\$ 235,195	\$ 245,288
Expense recoveries	1,749	30,488
Foundations and private	270,936	570,559
Government	803,752	836,560
NGOs	706,126	1,351,690
Other	164,414	190,963
	<u>2,182,172</u>	<u>3,225,548</u>
Change in deferred project revenue	<u>474,720</u>	<u>(557,383)</u>
	<u>2,656,892</u>	<u>2,668,165</u>
Administrative fees (contribution to core)	<u>(220,539)</u>	<u>(208,979)</u>
Total project revenue	\$ <u>2,436,353</u>	\$ <u>2,459,186</u>
Project expenses		
Communications	\$ 60,197	\$ 138,662
Contracts and consultants	664,175	534,791
Materials, phone, equipment and rent	139,840	125,368
Other	50,817	36,285
Salaries	1,278,474	1,398,491
Training and conferences	24,166	24,232
Travel, meals and accommodation	179,793	172,515
Workshop events	<u>38,891</u>	<u>28,842</u>
Total project expenses	\$ <u>2,436,353</u>	\$ <u>2,459,186</u>