



Financial statements

Ecology Action Centre

March 31, 2018

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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, 2018, 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 revenues, excess of revenue over expenses, and cash flows from operations for the years ended March 31, 2018 and 2017, assets as at March 31, 2018 and 2017 and net assets as at April 1, 2017 and 2016 and March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

#### 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, 2018, 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.

#### Emphasis of matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedule on page 12 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the period ended March 31, 2018, only to the extent necessary to express an opinion, on the audit of the financial statements taken as a whole.

Halifax, Canada  
May 28, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# Ecology Action Centre

## Statement of operations

Year ended March 31	2018	2017
Project revenue (Schedule 1)	\$ <u>2,459,186</u>	\$ <u>1,686,793</u>
Operating revenue		
Administrative fees (contribution from projects)	208,979	166,542
Capital contribution	40,410	34,491
Donations	145,838	112,509
Fundraising events	46,390	42,132
Interest on savings and miscellaneous	15,123	12,595
Magazine ( <i>Ecology and Action</i> )	2,100	2,350
Memberships	626,398	501,617
Operating expense recoveries	62,306	48,270
Space rental	6,900	6,470
	<u>1,154,444</u>	<u>926,976</u>
Total revenue	<u>3,613,630</u>	<u>2,613,769</u>
Project expenses (Schedule 1)	<u>2,459,186</u>	<u>1,686,793</u>
Operating expenses		
Bank, credit card and payroll fees	24,265	19,863
Communications	3,169	2,631
Database and computer support	16,153	13,758
Depreciation	42,553	42,133
Equipment lease	5,623	3,728
Fundraising events	18,913	18,791
Insurance	11,353	11,320
Magazine ( <i>Ecology and Action</i> )	22,759	21,048
Membership materials	2,148	1,656
Miscellaneous	9,958	8,461
Office	28,205	22,912
Power, water and telephone	13,375	11,885
Professional fees and consulting	17,396	13,520
Project contributions	144,823	49,807
Property financing	17,688	18,356
Property taxes and maintenance	15,496	13,727
Staff wages and benefits	735,208	630,803
Subscriptions and memberships	6,663	8,048
Travel	6,970	3,715
	<u>1,142,718</u>	<u>916,162</u>
Total expenses	<u>3,601,904</u>	<u>2,602,955</u>
Excess of revenue over expenses	\$ <u>11,726</u>	\$ <u>10,814</u>

# Ecology Action Centre

## Statement of surplus

Year ended March 31

**2018**

2017

	<u>Operating</u>	Investment in capital <u>assets</u>	Reserve <u>fund</u>	<b><u>Total</u></b>	<u>Total</u>
Surplus, beginning of year	\$ (24,088)	\$ 103,599	\$ 91,760	\$ <b>171,271</b>	\$ 160,457
Excess of revenue over expenses	11,726	-	-	<b>11,726</b>	10,814
Transfer to reserve fund	(11,726)	-	11,726	-	-
Purchase of property and equipment, net	(50,314)	50,314	-	-	-
Increase in deferred capital contributions	9,904	(9,904)	-	-	-
Repayment of mortgage	(15,693)	15,693	-	-	-
Depreciation expense	<u>42,553</u>	<u>(42,553)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus, end of year	<u>\$ (37,638)</u>	<u>\$ 117,149</u>	<u>\$ 103,486</u>	<u>\$ <b>182,997</b></u>	<u>\$ 171,271</u>

# Ecology Action Centre

## Statement of financial position

March 31

2018

2017

### Assets

#### Current

Cash and cash equivalents (note 3)	\$ 1,503,826	\$ 885,268
Receivables	184,323	217,923
Prepays	10,215	10,688
	<u>1,698,364</u>	<u>1,113,879</u>

#### Property and equipment (note 4)

	<u>968,614</u>	<u>960,853</u>
	<u>\$ 2,666,978</u>	<u>\$ 2,074,732</u>

### Liabilities

#### Current

Payables and accruals	\$ 62,942	\$ 38,174
Deferred project revenue (note 5)	1,563,316	1,005,933
Deferred operations revenue	6,258	2,100
Current portion of mortgage payable (note 7)	16,397	15,699
	<u>1,648,913</u>	<u>1,061,906</u>

#### Long-term

Deferred capital contributions (note 6)	454,487	444,583
Mortgage payable (note 7)	380,581	396,972
	<u>835,068</u>	<u>841,555</u>
	<u>2,483,981</u>	<u>1,903,461</u>

### Surplus (page 4)

Operating deficit	(37,638)	(24,088)
Investment in capital assets	117,149	103,599
General reserve fund (note 10)	103,486	91,760
	<u>182,997</u>	<u>171,271</u>
	<u>\$ 2,666,978</u>	<u>\$ 2,074,732</u>

### Commitments (note 8)

On behalf of the Board

A. J. Murphy Director

Constance Lee Director

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# Ecology Action Centre

## Statement of cash flows

Year ended March 31

2018

2017

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Increase (decrease) in cash and cash equivalents

	2018	2017
<b>Operating</b>		
Excess of revenue over expenses	\$ 11,726	\$ 10,814
Amortization of deferred capital	(40,410)	(34,491)
Depreciation	<u>42,553</u>	<u>42,133</u>
	13,869	18,456
Changes in non-cash working capital balances		
Receivables	33,600	(130,359)
Prepays	473	61,469
Payables and accruals	24,768	(86,638)
Deferred revenues	<u>561,541</u>	<u>334,979</u>
	<u>634,251</u>	<u>197,907</u>
<b>Financing</b>		
Contributions received for property and equipment	50,314	130,144
Repayment of mortgage	<u>(15,693)</u>	<u>(15,026)</u>
	<u>34,621</u>	<u>115,118</u>
<b>Investing</b>		
Purchase of property and equipment, net	<u>(50,314)</u>	<u>(4,311)</u>
Net increase in cash and cash equivalents	618,558	308,714
Cash and cash equivalents, beginning of year	<u>885,268</u>	<u>576,554</u>
Cash and cash equivalents, end of year	\$ <u>1,503,826</u>	\$ <u>885,268</u>

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2018

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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 earned.

#### 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

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March 31, 2018

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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**

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, 2018

### 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>2018</u>	<u>2017</u>
Total cash and cash equivalents	\$ <u>1,503,826</u>	\$ <u>885,268</u>
Cash internally restricted for projects:		
Built Environment	14,171	24,254
Coastal	57,564	44,494
Conservation easement administration	24,238	22,863
EAC administration	119,886	70,987
Energy	45,132	(29,449)
Food Action	6,265	(26,372)
General projects	183,661	73,044
Marine issues	804,646	506,327
General reserve fund	103,486	91,760
Transportation	78,549	66,419
Wilderness project	<u>70,054</u>	<u>50,781</u>
Internally restricted cash and cash equivalents	<u>1,507,652</u>	<u>895,108</u>
Unrestricted cash and cash equivalents	\$ <u>(3,826)</u>	\$ <u>(9,840)</u>

4. Property and equipment			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and improvements	\$ 1,086,681	\$ 196,292	\$ 890,389	\$ 880,052
Computer equipment	58,957	58,957	-	1,769
Furniture and equipment	44,663	41,438	3,225	4,032
Land	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
	<u>\$ 1,265,301</u>	<u>\$ 296,687</u>	<u>\$ 968,614</u>	<u>\$ 960,853</u>

# Ecology Action Centre

## Notes to the financial statements

March 31, 2018

5. Deferred project revenue	March 31, 2017 Balance funding carried over	Funding received during the year	Expenditures	March 31, 2018 Balance funding remaining
Built Environment	\$ 24,254	\$ 25,118	\$ 33,463	\$ 15,910
Coastal	44,494	157,790	144,220	58,064
Endowment fund (HelioTrust)	22,863	1,375	-	24,238
Energy	7,615	293,530	188,837	112,308
Food Action	45,682	493,204	532,328	6,558
General projects	82,519	275,674	163,408	194,785
Marine issues	560,273	1,322,025	1,024,892	857,406
Transportation	68,327	251,070	237,500	81,897
Wilderness project	<u>62,955</u>	<u>146,486</u>	<u>134,538</u>	<u>74,902</u>
Total projects	918,982	2,966,272	2,459,186	1,426,068
EAC administration	<u>86,951</u>	<u>137,248</u>	<u>86,951</u>	<u>137,248</u>
	<u>\$ 1,005,933</u>	<u>\$ 3,103,520</u>	<u>\$ 2,546,137</u>	<u>\$ 1,563,316</u>

### 6. Deferred capital contributions

	Property	Computer Equipment	Total 2018	Total 2017
Opening balance	\$ 443,099	\$ 1,484	\$ 444,583	\$ 348,930
Contribution received	50,314	-	50,314	130,144
Less: amortization	<u>(39,978)</u>	<u>(432)</u>	<u>(40,410)</u>	<u>(34,491)</u>
Ending balance	<u>\$ 453,435</u>	<u>\$ 1,052</u>	<u>\$ 454,487</u>	<u>\$ 444,583</u>

### 7. Mortgage payable

	2018	2017
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.	\$ 396,978	\$ 412,671
Less: current portion due within one year	<u>16,397</u>	<u>15,699</u>
	<u>\$ 380,581</u>	<u>\$ 396,972</u>

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

2019	\$ 16,397
2020	17,126
2021	363,455

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# Ecology Action Centre

## Notes to the financial statements

March 31, 2018

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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 two years is as follows:

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 \$11,726 (2017 - \$10,814) 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, 2018 (2017 - \$Nil).

## Ecology Action Centre

### Schedule or project revenue and expenses

Year ended March 31	2018	2017
<b>Project revenue</b>		
Donations	\$ 245,288	\$ 147,682
Expense recoveries	30,488	12,874
Foundations and private	570,559	389,252
Government	836,560	730,433
NGOs	1,351,690	828,037
Other	<u>190,963</u>	<u>82,736</u>
	<b>3,225,548</b>	<b>2,191,014</b>
Change in deferred project revenue	<u>(557,383)</u>	<u>(337,679)</u>
	<b>2,668,165</b>	<b>1,853,335</b>
Administrative fees (contribution to core)	<u>(208,979)</u>	<u>(166,542)</u>
Total project revenue	\$ <u>2,459,186</u>	\$ <u>1,686,793</u>
<b>Project expenses</b>		
Communications	\$ 138,662	\$ 41,533
Contracts and consultants	534,791	146,670
Materials, phone, equipment and rent	126,843	123,241
Other	36,285	38,613
Salaries	1,398,491	1,158,326
Training and conferences	22,757	17,432
Travel, meals and accommodation	172,515	143,004
Workshop events	<u>28,842</u>	<u>17,974</u>
Total project expenses	\$ <u>2,459,186</u>	\$ <u>1,686,793</u>