Ecology Action Centre
Financial Statements
For the Year Ended March 31, 2023

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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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1 and March 31 for both the 2023 and 2022 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.

Emphasis of Matter - Prior Period Adjustment

We draw attention to Note 2 of the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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 22, 2023

Ecology Action Centre
Statement of Financial Position

March 31		2023		2022 Restated (Note 2)
Assets				
Current				
Cash	$	644,426	$	2,562,176
Term deposits (Note 3)		1,000,256		-
Accounts receivable		92,501		233,581
Government remittances receivable		25,165		16,760
Prepaid expenses		36,582		28,330
		1,798,930		2,840,847
Term deposits (Note 3)		775,213		-
Capital assets (Note 4)		830,330		826,669
	$	3,404,473	$	3,667,516
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities	$	213,429	$	115,472
Deferred project revenue (Note 5)		1,388,027		1,834,543
Current portion of long-term debt (Note 7)		20,771		19,994
		1,622,227		1,970,009
Deferred contributions (Note 6)		418,596		417,704
Long-term debt (Note 7)		292,030		312,612
		2,332,853		2,700,325
Net Assets				
Emergency fund		133,008		133,008
Fern Lane fund		104,841		96,000
Strategic fund		713,678		661,824
Investment in capital assets		120,093		76,359
		1,071,620		967,191
	$	3,404,473	$	3,667,516

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	2023 Total	2022 Total
							Restated (Note 2)
Balance, beginning of the year as previously stated	$ -	$ 133,008	$ 96,000	$ 661,824	$ 184,609	$ 1,075,441	$ 661,326
Prior period adjustment (Note 2)	-	-	-	-	(108,250)	(108,250)	(94,785)
Balance, beginning of the year as restated	-	133,008	96,000	661,824	76,359	967,191	566,541
Excess of revenues over expenses	124,374	-	-	(19,945)	-	104,429	400,650
Transfer of funds	(101,799)	-	8,841	71,799	21,159	-	-
Purchase of capital assets	(44,908)	-	-	-	44,908	-	-
Receipt of deferred contributions	18,231	-	-	-	(18,231)	-	-
Amortization of deferred capital contributions	(17,339)	-	-	-	17,339	-	-
Repayment of long-term debt	(19,806)	-	-	-	19,806	-	-
Amortization of capital assets	41,247	-	-	-	(41,247)	-	-
Balance, end of the year	$ -	$ 133,008	$ 104,841	$ 713,678	$ 120,093	$ 1,071,620	$ 967,191

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

Ecology Action Centre
Statement of Operations

For the year ended March 31		2023		2022 Restated (Note 2)
Revenue				
Foundations and charities	$	1,532,732	$	1,032,947
Government funding		817,989		575,292
Memberships		551,313		560,204
Donations		535,017		672,261
Other funding		414,269		127,884
Interest and miscellaneous		58,183		35,601
Amortization of deferred capital contributions		17,339		17,799
Fundraising activities		3,975		26,160
Administrative fees		-		258,910
		3,930,817		3,307,058
Expenses				
Amortization		41,247		31,663
Bank and credit card charges		26,191		25,129
Communications		51,026		49,903
Fundraising activities		13,453		25,008
Insurance		24,097		17,593
Interest on long-term debt		12,400		13,406
IT Services		43,413		30,718
Magazine ('Ecology and Action')		16,080		19,198
Memberships and subscriptions		25,438		17,608
Office		7,956		16,013
Professional fees		615,213		296,446
Property taxes		1,711		10,150
Rental		41,365		23,353
Repairs and maintenance		12,559		10,303
Supplies and materials		68,657		54,819
Training		25,095		9,071
Travel and meetings		174,085		61,925
Utilities		27,221		29,835
Wages and benefits		2,599,181		2,164,267
		3,826,388		2,906,408
Excess of revenues over expenses	$	104,429	$	400,650

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

Ecology Action Centre
Statement of Cash Flows

For the year ended March 31	2023	2022 Restated (Note 2)
Cash flows from operating activities		
Excess of revenues over expenses	$ 104,429	$ 400,650
Items not affecting cash:		
Amortization of capital assets	41,247	31,663
Amortization of deferred capital contributions	(17,339)	(17,799)
	128,337	414,514
Changes in non-cash working capital:		
Accounts receivable	141,080	64,796
Government remittances receivable	(8,405)	23,740
Prepaid expenses	(8,252)	(10,759)
Accounts payable and accrued liabilities	97,958	(49,513)
Deferred project revenues	(446,516)	166,558
Deferred contribution revenues	18,231	-
	(77,567)	609,336
Cash flows from investing activities		
Purchase of capital assets	(44,908)	(1,000)
Purchase of term deposits	(1,775,469)	-
	(1,820,377)	(1,000)
Cash flows from financing activity		
Repayment of long-term debt	(19,806)	(19,419)
Net (decrease) increase in cash	(1,917,750)	588,917
Cash, beginning of the year	2,562,176	1,973,259
Cash, end of the year	$ 644,426	$ 2,562,176

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.

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.

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. Prior Period Adjustment

During the year, management became aware of prior year errors in respect to the treatment of amortization on deferred capital contributions. The amortization on deferred capital contributions recognized as revenue within the statement of operations was incorrectly recorded. Consequently, the Centre's net assets and excess of revenues over expenses were overstated and deferred contributions were understated. A prior period adjustment has been made to restate the comparative figures as follows:

	Previously stated	Adjustment	Restated
Deferred contributions	$ 309,454	$ (108,250)	$ 417,704
Net assets, beginning of year	661,326	(94,785)	566,541
Net assets, end of year	1,075,441	(108,250)	967,191
Amortization of deferred capital contributions	31,264	13,465	17,799

The total impact of this prior period adjustment on excess of revenue over expenses for the year ended March 31, 2022 is $13,465 and the total impact on ending net assets as at March 31, 2022 is $108,250.

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

3. Term Deposits

	2023	2022
Current		
4.50% term deposit, maturing March 2024	$ 500,123	$ -
4.85% term deposit, maturing March 2024	500,133	-
	1,000,256	-
Long term		
5.00% term deposit, maturing January 2025	775,213	-
	$ 1,775,469	$ -

March 31, 2023

4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 75,000	$ -	$ 75,000	$ -
Building and building improvements	1,114,931	377,766	1,093,772	343,429
Computer equipment	86,538	69,173	62,789	62,463
Furniture and equipment	45,663	44,863	45,663	44,663
	1,322,132	491,802	1,277,224	450,555
		$ 830,330		$ 826,669

5. 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, 2023, the deferred revenue relating to specific projects is as follows:

	2023	2022
Built environment	$ 91,101	$ 105,808
Coastal	62,714	84,184
Cross team	46,896	32,186
Energy	481,060	577,426
Food action	211,649	188,237
Marine	278,361	449,034
Transportation	31,550	106,053
Wilderness	184,696	291,615
	$ 1,388,027	$ 1,834,543

6. 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:

	2023	2022 Restated (Note 2)
Beginning balance	$ 417,704	$ 340,718
Add: restricted contributions received	18,231	-
Less: amortization of deferred contributions	(17,339)	(17,799)
Add: prior period adjustment (Note 2)	-	94,785
Ending balance	$ 418,596	$ 417,704

7. Long-Term Debt

	2023	2022
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.	$ 312,801	$ 332,606
Less: current portion	(20,771)	(19,994)
	$ 292,030	$ 312,612

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

2024	20,771
2025	21,579
Thereafter	270,451
	$ 312,801

8. 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, 2023 (2022 - $Nil).

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.

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.

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