



Financial Statements

Ecology Action Centre

March 31, 2014

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Independent auditor's report

Grant Thornton LLP
Suite 1100
2000 Barrington Street
Halifax, NS
B3J 3K1
T (902) 421-1734
F (902) 420-1068
www.GrantThornton.ca

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, 2014, 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 entity'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 entity'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 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 the statements of operations.

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, 2014, 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.

Halifax, Canada
May 26, 2014

Grant Thornton LLP

Chartered Accountants

Ecology Action Centre

Statement of operations

Year ended March 31

2014

2013

Project Revenue (Schedule 1)	\$ <u>1,659,791</u>	\$ <u>1,318,338</u>
<u>Operating Revenue</u>		
Administrative fees (contribution from projects)	196,211	158,160
Donations	71,702	57,231
Memberships	244,350	158,312
Operating expense recoveries	31,740	24,428
Fundraising events	55,284	32,879
Interest on savings and miscellaneous	8,204	4,528
Magazine (<i>Between the Issues</i>)	8,205	6,873
Capital contribution	9,911	10,829
	<u>625,607</u>	<u>453,240</u>
Total revenue	<u>2,285,398</u>	<u>1,771,578</u>
Project Expenses (Schedule 1)	<u>1,659,791</u>	<u>1,318,338</u>
<u>Operating Expenses</u>		
Bank, credit card and payroll fees	11,680	8,257
Database and computer support	20,033	9,073
Depreciation	12,478	12,580
Equipment lease	4,016	3,696
Fundraising events	16,105	8,820
Insurance	10,721	10,603
Magazine (<i>Between the Issues</i>)	19,253	12,204
Membership	2,387	1,876
Miscellaneous	8,004	5,442
Office	18,866	13,216
Power, water and telephone	9,214	7,762
Professional fees	12,333	10,300
Project contributions	19,500	-
Property financing	3,210	3,585
Property taxes and maintenance	11,239	8,841
Staff wages and benefits	436,173	341,266
Travel	3,233	3,186
	<u>618,445</u>	<u>460,707</u>
Total expenses	<u>2,278,236</u>	<u>1,779,045</u>
Excess of revenues over expenses (expenses over revenues)	\$ <u>7,162</u>	\$ <u>(7,467)</u>

See accompanying notes to the financial statements

Ecology Action Centre Statement of surplus

Year ended March 31

2014

2013

	<u>Operating</u>	<u>Investment in Capital Assets</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Surplus (deficit), beginning of year	\$ (32,914)	\$ 132,346	\$ 61,525	\$ 160,957	\$ 168,424
Excess of revenues over expenses (expenses over revenues)	7,162	-	-	7,162	(7,467)
Transfer to reserve fund (note 10)	(7,150)	-	7,150	-	-
Capital asset additions, net	(15,506)	15,506	-	-	-
Decrease in deferred capital contributions	(9,071)	9,071	-	-	-
Repayment of long-term debt	(6,647)	6,647	-	-	-
Depreciation expense	<u>12,478</u>	<u>(12,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (deficit), end of year	\$ <u>(51,648)</u>	\$ <u>151,092</u>	\$ <u>68,675</u>	<u>168,119</u>	<u>\$ 160,957</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Statement of financial position

March 31	2014	2013
Assets		
Current		
Cash and cash equivalents (note 3)	\$ 556,658	\$ 297,447
Receivables	136,176	286,933
Prepays	3,944	2,132
CarShare Membership bond	<u>1,000</u>	<u>-</u>
	697,778	586,512
Property and equipment (note 4)	<u>312,456</u>	<u>309,428</u>
	<u>\$ 1,010,234</u>	<u>\$ 895,940</u>
Liabilities		
Current		
Payables and accruals	\$ 66,295	\$ 98,816
Deferred project revenue (note 5)	614,457	459,086
Current portion of mortgage payable (note 7)	<u>7,032</u>	<u>6,635</u>
	<u>687,784</u>	<u>564,537</u>
Long-term		
Deferred capital contributions (note 6)	109,452	118,523
Mortgage payable (note 7)	<u>44,879</u>	<u>51,923</u>
	<u>154,331</u>	<u>170,446</u>
	<u>842,115</u>	<u>734,983</u>
Surplus (page 3)		
Operating deficit	(51,648)	(32,914)
Investment in capital assets	151,092	132,346
Reserve fund (note 10)	<u>68,675</u>	<u>61,525</u>
	<u>168,119</u>	<u>160,957</u>
	<u>\$ 1,010,234</u>	<u>\$ 895,940</u>

Commitments (note 8)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements

Ecology Action Centre Statement of cash flows

Year ended March 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenues over expenses (expenses over revenues)	\$ 7,162	\$ (7,467)
Depreciation	<u>12,478</u>	<u>12,580</u>
	19,640	5,113
Changes in non-cash working capital balances		
Receivables	150,757	3,745
Prepaid expenses	(1,812)	(155)
CarShare Membership bond	(1,000)	-
Payables and accruals	(32,521)	30,787
Deferred project revenue	<u>155,371</u>	<u>99,641</u>
	<u>290,435</u>	<u>139,131</u>
Financing		
Contributions received for capital assets	840	1,190
Amortization of deferred capital	(9,911)	(10,829)
Repayment of mortgage payable	<u>(6,647)</u>	<u>(6,273)</u>
	<u>(15,718)</u>	<u>(15,912)</u>
Investing		
Purchase of property and equipment	<u>(15,506)</u>	<u>(6,009)</u>
Net increase in cash and cash equivalents	259,211	117,210
Cash and cash equivalents, beginning of year	<u>297,447</u>	<u>180,237</u>
Cash and cash equivalents, end of year	\$ <u>556,658</u>	\$ <u>297,447</u>

See accompanying notes to the financial statements.

Ecology Action Centre

Notes to the financial statements

March 31, 2014

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.

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	30%
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 received.

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.

Ecology Action Centre

Notes to the financial statements

March 31, 2014

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

The Centre tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

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.

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, 2014

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, and 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>2014</u>	<u>2013</u>
Total cash and cash equivalents	\$ <u>556,658</u>	\$ <u>297,447</u>
Cash internally restricted for projects:		
Built Environment	5,986	20,123
Coastal	97,093	(89,767)
EAC administration	42,603	33,505
Endowment fund (HelioTrust)	22,863	22,863
Energy	6,775	13,040
Food Action	10,745	(12,053)
General projects	29,863	16,331
Marine Issues	141,355	93,727
Reserve fund	68,675	61,525
Transportation	64,235	41,816
Wilderness project	<u>71,467</u>	<u>39,993</u>
Internally restricted cash and cash equivalents	<u>561,660</u>	<u>241,103</u>
Unrestricted cash and cash equivalents	\$ <u>(5,002)</u>	\$ <u>56,344</u>

4. Property and equipment			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building and improvements	\$ 266,858	\$ 85,774	\$ 181,084	\$ 184,951
Computer equipment	58,958	50,936	8,022	7,637
Furniture and equipment	44,663	36,313	8,350	1,840
Land	75,000	-	75,000	75,000
Surplus land	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
	<u>\$ 485,479</u>	<u>\$ 173,023</u>	<u>\$ 312,456</u>	<u>\$ 309,428</u>

Ecology Action Centre Notes to the financial statements

March 31, 2014

5. Deferred project revenue	March 31, 2013 Balance Funding Carried Over	Funding Received During the year	Expenditures	March 31, 2014 Balance Funding Remaining
Built Environment	\$ 20,122	\$ 35,225	\$ 49,362	\$ 5,985
Coastal	40,004	307,948	243,091	104,861
Endowment fund (HelioTrust)	22,863	-	-	22,863
Energy	25,458	120,866	134,670	11,654
Food Action	5,225	370,590	364,969	10,846
General projects	16,332	76,541	53,741	39,132
Marine Issues	191,529	408,998	398,819	201,708
Transportation	54,204	344,500	309,185	89,519
Wilderness project	39,991	137,428	105,954	71,465
Total projects	415,728	1,802,096	1,659,791	558,033
EAC administration	43,358	56,424	43,358	56,424
	<u>\$ 459,086</u>	<u>\$ 1,858,520</u>	<u>\$ 1,703,149</u>	<u>\$ 614,457</u>

6. Deferred capital contributions

	Property	Computer Equipment	Total 2014	Total 2013
Opening Balance	\$ 113,997	\$ 4,526	\$ 118,523	\$ 128,162
Contribution received	840	-	840	1,190
Less: amortization	(8,872)	(1,039)	(9,911)	(10,829)
Ending balance	<u>\$ 105,965</u>	<u>\$ 3,487</u>	<u>\$ 109,452</u>	<u>\$ 118,523</u>

7. Mortgage payable

	2014	2013
Credit Union mortgage, bearing interest at 5.9%, repayable in blended weekly instalments of \$189.55 to July 31, 2015, amortized to July 22, 2020. As security against the mortgage, the Centre has provided an assignment of land and building.	\$ 51,911	\$ 58,558
Less: current portion due within one year	<u>7,032</u>	<u>6,635</u>
	<u>\$ 44,879</u>	<u>\$ 51,923</u>

Estimated principal amount payable within the next two years is as follows:

2015	\$ 7,032
2016	44,880

Ecology Action Centre

Notes to the financial statements

March 31, 2014

8. Commitments

The Centre is renting office equipment under a long-term lease expiring in fiscal 2015. The minimum annual rent for next year is as follows:

2015	\$	774
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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.

10. Reserve fund

During the year, the Board authorized the transfer of \$7,150 (2013 - \$Nil) 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.

11. Capital risk management

The capital structure of the Centre consists of net assets invested in capital assets, reserve funds and operating surplus (deficit). 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.

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, 2014 (2013 - \$Nil).

13. Comparative figures

Certain of the comparative figures for 2013 have been reclassified to conform to the financial statement presentation adopted for 2014.

Ecology Action Centre

Schedule of project revenue and expenses

Year ended March 31	2014	2013
Project Revenue		
Donations	\$ 124,650	\$ 97,751
Expense recoveries	15,503	37,034
Foundations and private	937,589	882,678
Government	764,214	451,429
NGOs	121,783	98,310
Other	47,634	8,937
	<u>2,011,373</u>	<u>1,576,139</u>
Increase in deferred project revenue	(155,371)	(99,641)
	<u>1,856,002</u>	<u>1,476,498</u>
Administrative fees (contribution to core)	(196,211)	(158,160)
Total project revenue	\$ <u>1,659,791</u>	\$ <u>1,318,338</u>
Project Expenses		
Communications	\$ 40,473	\$ 53,267
Contracts & Consultants	161,888	189,071
Workshop events	39,244	17,365
Materials, phone, equipment	104,049	67,338
Other	47,954	27,732
Salaries	1,171,559	890,370
Training and conferences	16,321	9,165
Travel, meals, accommodation	78,303	64,030
Total project expenses	\$ <u>1,659,791</u>	\$ <u>1,318,338</u>