

# The Clean Nova Scotia Foundation

## Financial Statements

For the fiscal year ended March 31, 2016





## Financial Statements

For the fiscal year ended March 31, 2016

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## Independent auditor's report

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To the Board of Directors of  
The Clean Nova Scotia Foundation

We have audited the accompanying financial statements of The Clean Nova Scotia Foundation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Clean Nova Scotia Foundation as at March 31, 2016, 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.

*Grant Thornton LLP*

Halifax, Canada  
June 7, 2016

Chartered Accountants

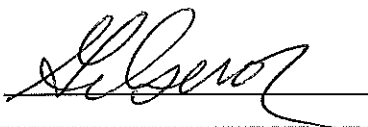


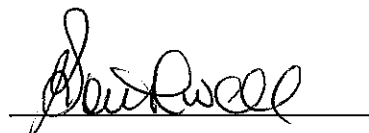
**Statement of Financial Position**  
**As at March 31, 2016**

	2016	2015
<b>Assets</b>		
<b>CURRENT ASSETS</b>		
Cash & equivalents (note 2.5)	\$ 3,387,986	\$ 1,897,289
Accounts receivable (note 4)	238,247	1,208,884
HST receivable	113,072	225,269
Contract work in progress	-	16,495
Inventory	-	171,492
Prepaid expenses	84,705	37,675
	<u>3,824,010</u>	<u>3,557,104</u>
Investments (note 5)	1,104,658	1,509,336
Capital assets (notes 2.6 & 6)	808,012	926,936
	<u>1,912,670</u>	<u>2,436,272</u>
	<u>\$ 5,736,680</u>	<u>\$ 5,993,376</u>

<b>Liabilities &amp; Net Assets</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 8)	\$ 318,492	\$ 211,627
Deferred revenue	369,976	367,278
Deferred revenue - NSPI HomeWarming	1,085,150	823,440
	<u>1,773,618</u>	<u>1,402,345</u>
<b>NET ASSETS</b>		
Unrestricted	1,502,616	1,589,653
Investment in capital assets	808,012	926,935
Internally restricted (note 2.2):		
Capital projects fund	500,861	823,142
Program development fund	537,848	660,249
Program support fund	304,802	337,876
NSYCC fund	239,756	173,201
Training fund	63,167	71,975
Scholarship fund	6,000	8,000
	<u>3,963,062</u>	<u>4,591,031</u>
	<u>\$ 5,736,680</u>	<u>\$ 5,993,376</u>

On behalf of the Board

 Director

 Director



**Statement of Operations**  
**For the fiscal year ended March 31, 2016**

	2016	2015
<b>Revenues</b>		
Service contracts and sponsorships (note 2.1)	\$ 3,590,537	\$ 9,804,852
Government contracts and grants:		
Federal	186,193	106,649
Provincial	444,754	464,460
Municipal	27,058	163,964
<b>Sub-total government contracts and grants</b>	<b>658,005</b>	<b>735,073</b>
Donations	948	1,093
Investment revenue (note 2.5)	47,376	56,599
Other revenue	45,289	-
<b>Sub-total donations, investment revenue, other</b>	<b>93,613</b>	<b>57,692</b>
<b>Total revenues</b>	<b>4,342,155</b>	<b>10,597,617</b>
<b>Expenses</b>		
<b>Direct Program Costs:</b>		
Recruitment & compensation	1,284,190	2,206,394
Training & professional development	45,492	51,049
Subcontractor services	2,000,646	811,459
Materials & safety supplies	139,351	4,071,052
Equipment rental, repair & maintenance	6,184	484
Travel	205,084	530,085
Meetings & events	2,962	-
Advertising, marketing & promotion	8,428	-
Telecommunications & I.T.	11,531	-
Office supplies, printing, postage, subscriptions, other	8,573	13,325
Consulting & professional services	14,803	-
Amortization	2,748	-
<b>Sub-total direct program costs</b>	<b>3,729,992</b>	<b>7,683,848</b>
<b>General &amp; Administrative:</b>		
Recruitment & compensation	674,121	1,546,038
Training & professional development	11,030	72,589
Travel	26,296	2,423
Membership/subscription dues & fees	4,048	3,947
Office, shipping, printing supplies, other	37,832	112,398
Occupancy, maintenance & supplies	44,633	161,829
Marketing & communications	44,002	56,745
Meetings & events	22,969	18,332
Equipment rental & maintenance	3,005	4,041
Telecommunications & I.T.	121,910	226,191
Consulting & professional services	96,690	101,399
Insurance	17,618	17,042
Financial services fees & interest	6,761	25,762
Amortization	141,438	134,048
<b>Sub-total general &amp; administrative</b>	<b>1,252,353</b>	<b>2,482,784</b>
<b>Total expenses</b>	<b>4,982,345</b>	<b>10,166,632</b>
Net gain on sale of assets	14,221	-
Loss due to asset impairment	-	(63,116)
<b>(Deficiency) excess of revenues over expenses</b>	<b>\$ (625,969)</b>	<b>\$ 367,869</b>



Statement of Changes in Net Assets  
For the fiscal year ended March 31, 2016

	Unrestricted	Investment in Capital Assets	Internally Restricted						Total 2016	2015
			Capital Projects	Program Development	Program Support	NSYCC	Training	Scholarship		
Balance, beginning of year	\$ 1,589,653	\$ 926,935	\$ 823,142	\$ 660,249	\$ 337,876	\$ 173,201	\$ 71,975	\$ 8,000	\$ 4,591,031	\$ 4,223,162
Operating (deficit) surplus	(625,969)	-	-	-	-	-	-	-	(625,969)	367,869
Scholarship awards	-	-	-	-	-	-	-	(2,000)	(2,000)	-
Interfund transfers:										
Prior year capital projects allocated	263,116	-	(263,116)	-	-	-	-	-	-	-
Investment in capital assets	118,923	(118,923)	-	-	-	-	-	-	-	-
Capital projects	59,165	-	(59,165)	-	-	-	-	-	-	-
Program development	122,401	-	-	(122,401)	-	-	-	-	-	-
Program support	33,074	-	-	-	(33,074)	-	-	-	-	-
NSYCC	(66,555)	-	-	-	66,555	-	-	-	-	-
Training	8,808	-	-	-	-	-	(8,808)	-	-	-
<b>Balance, end of year</b>	<b>\$ 1,502,616</b>	<b>\$ 808,012</b>	<b>\$ 500,861</b>	<b>\$ 537,848</b>	<b>\$ 304,802</b>	<b>\$ 239,756</b>	<b>\$ 63,167</b>	<b>\$ 6,000</b>	<b>\$ 3,963,062</b>	<b>\$ 4,591,031</b>



**Statement of Cash Flows**  
**For the fiscal year ended March 31, 2016**

	2016	2015
<b>Operating Activities</b>		
(Deficiency) excess of revenue over expenses	\$ (625,969)	\$ 367,869
Items not affecting cash:		
Amortization	144,186	134,048
Net gain on sale of assets	(14,221)	-
Net loss due to impairment of long-lived assets	-	63,116
Non-cash working capital items:		
Accounts receivable	970,637	(198,716)
HST receivable	112,197	(1,139,794)
Deferred revenue	2,698	45,428
Deferred revenue - NSPI HomeWarming	261,710	823,440
Contract work in progress	16,495	744,888
Inventory	171,492	(59,126)
Prepaid expenses	(47,030)	23,729
Accounts payable and accrued liabilities	106,865	(362,157)
Total operating activities	<u>1,099,060</u>	<u>442,725</u>
<b>Investing Activities</b>		
Purchase of capital assets	(59,165)	(243,624)
Proceeds from sale of assets	48,124	-
Change in investments	404,678	152,212
Total investing activities	<u>393,637</u>	<u>(91,412)</u>
<b>Financing Activities</b>		
Change in line of credit	-	(70,000)
Change in scholarship funding	(2,000)	-
Total financing activities	<u>(2,000)</u>	<u>(70,000)</u>
<b>Net increase in cash &amp; equivalents</b>	<b>1,490,697</b>	<b>281,313</b>
Cash & equivalents, beginning of year	1,897,289	1,615,976
<b>Cash &amp; equivalents, end of year</b>	<b><u>\$ 3,387,986</u></b>	<b><u>\$ 1,897,289</u></b>



## Notes to the Financial Statements

For the fiscal year ended March 31, 2016

### 1 Nature of Operations

The Clean Nova Scotia Foundation (the "Foundation") was established by a statute of the Nova Scotia Legislature: the Clean Nova Scotia Foundation Act, 1988, c. 7, s. 1. The Foundation is a Canadian Registered Charity under the Income Tax Act, registration number 11922-7684, and as such is exempt from paying income taxes.

#### Our Mission:

We provide individuals and communities with the means, knowledge, and opportunity to make responsible environmental choices.

#### Our Vision:

To cultivate a sustainable society by delivering innovative, effective and educational programs that result in meaningful environmental change.

#### Our Values:

Achieving our mission and attaining our vision depends on the efforts of hundreds of employees, volunteers, and community partners. Some of us make our contribution by engaging directly in delivering programs; others, by supporting and enabling those core activities in essential ways. Whatever our individual roles, and wherever we work within the Foundation, we owe it to one another to uphold certain basic values of the community. These include:

- We are honest with our partners, the public, and with each other.
- We innovate and develop programs through the talents and creative ideas of each employee.
- We value teamwork; we foster collaboration.
- We treat each other with respect.
- We deliver the best outcomes and highest quality service through the dedicated effort of every team member.
- We value a fun working environment.

The more we embrace these values in our daily lives, the more we create and sustain a culture of trust, cooperation, innovation, and mutual understanding — and advance a commitment to the environment and our communities, which all of us share.



## 2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following significant accounting policies are used:

### 2.1 Deferral Method of Accounting & Revenue Recognition

The Foundation follows the deferral method of accounting for contributions, which includes donations and government grants. The Foundation receives donations and grants from a number of different sources to cover operating, research, and capital expenditures. The operating portions of the contributions are recorded as revenue in the period to which they relate. The capital portions of the contributions are recorded as a deferred contribution and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. When a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

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. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Service contract revenue is generally recognized according to the percentage of completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined. Pre-contract costs are expensed as incurred. Revenue recognized in excess of amounts billed is classified as a current asset under contract work in process. Amounts billed to clients in excess of revenue recognized to date are classified as a current liability under deferred revenue. The Foundation anticipates that the majority of incurred cost associated with contract work in process will be billed and collected in the following fiscal year.

### 2.2 Fund Accounting

A multi-column format is used to present the Statement of Changes in Net Assets. Internally restricted funds presented in the Statement of Changes in Net Assets are used for specific initiatives as approved by the Board of Directors and are described below:

- The **Capital Projects Fund** is used to acquire or develop capital assets.
- The **Program Development Fund** provides resources to develop new program delivery and administrative models, explore new environmental and education initiatives, and encourage innovation through applied research in environmental and behavioural sciences.

- The **NSYCC Fund** provides resources to support the Nova Scotia Youth Conservation Corps, a program which provides post-secondary students with summer employment and work experience in environmental topic areas.
- The **Training Fund** is used to develop staff competencies through internally developed training programs and external professional development courses.
- The **Scholarship Fund** provides a \$2,000 annual post-graduate environmental research scholarship.

### 2.3 Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial position and reported amounts of revenues and expenditures for the year then ended. Actual results could differ from those estimates. The areas that are most subject to estimation and judgement include the amortization periods for capital assets, accrued liabilities, and the accounts receivable allowance for doubtful accounts.

### 2.4 Contributed Services

Because of the difficulty in determining the fair value, contributed services are not recognized in these financial statements.

### 2.5 Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. This is defined by the purpose for which the instruments were acquired or issued, their characteristics, and their designation by the Foundation.

**Cash & equivalents** consists of cash on hand, Canadian dollar denominated deposits held in Canadian financial institutions in chequing and guaranteed principal money market accounts, Canadian guaranteed investment certificates and the current portion of investments which will come due in the current or next fiscal period. Interest income accruing on deposits is recorded in interest income on an accrual basis.

**Investments** are secondary market Canadian guaranteed investment certificates, where the Foundation has the intention and the ability to hold the certificates until their maturity date. Maturity dates vary, but do not extend beyond five years. These investments are initially recorded at fair value and are subsequently measured at amortized cost using the effective interest method. Interest income and amortization of premiums and discounts are recorded in interest income.



**Accounts receivable** and **contract work in process** are recorded at amortized cost.

**Accounts payable, accrued liabilities, and deferred revenue** are recorded at amortized cost.

## 2.6 Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized.

The carrying value of capital assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values requires the use of estimates and assumptions for discount rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of the assets could impact the impairment analysis.

Capital assets are amortized based on their useful life using the following rates and methods. A half year's amortization is taken in the year of acquisition. Amortization to the nearest whole month is taken in the year of disposal.

Capital assets	Method	Rate
Building	Declining balance	6%
Furniture & equipment	Declining balance	20%
Motor vehicles	Declining balance	30%
ERP system	Straight line	20%
Computer & network hardware	Straight line	33%

## 3 Economic Dependency

The Foundation's operations are sustained using service contracts with various funders. The service contract with Nova Scotia Power Incorporated for the HomeWarming program accounts for 72% of revenue in the current year (2015: 0.7%) and is set to expire on December 31, 2024.



## 4 Accounts Receivable

Accounts receivable are stated net of doubtful accounts, which are estimated at \$ nil (March 31, 2015: \$ nil).

Type	March 31, 2016	March 31, 2015
Trade accounts receivable	\$ 219,323	\$ 1,201,941
Receivable from employees	-	783
Accrued revenue	18,924	-
Other accounts receivable	-	6,160
<b>Total</b>	<b>\$ 238,247</b>	<b>\$ 1,208,884</b>

## 5 Investments

On March 31, 2016 held-to-maturity Canadian guaranteed investment certificates had a weighted average term of 3 years to maturity and a weighted average yield of 2.02%. Certificates maturing in the next 12 months are classified as cash & equivalents and are excluded from the weighted averages.

## 6 Capital Assets

Capital assets	March 31, 2016			March 31, 2015
	Cost	Accumulated amortization	Net book value	Net book value
<b>Property &amp; equipment</b>				
Building	\$ 695,853	\$ 261,460	\$ 434,393	\$ 462,121
Furniture & equipment	359,595	255,552	104,043	102,091
Motor vehicles	121,513	63,941	57,572	84,362
Computer & network hardware	16,428	7,757	8,671	14,146
	<u>1,193,389</u>	<u>588,710</u>	<u>604,679</u>	<u>662,720</u>
<b>Intangible assets</b>				
ERP system	<u>304,417</u>	<u>101,084</u>	<u>203,333</u>	<u>264,216</u>
<b>Total</b>	<b>\$ 1,497,806</b>	<b>\$ 689,794</b>	<b>\$ 808,012</b>	<b>\$ 926,936</b>

## 7 Royal Bank Operating Line of Credit

The Foundation has negotiated a revolving demand facility in the amount of \$2,000,000, at a variable rate of interest equal to the Royal Bank Prime rate. It is secured by a first ranking security interest (collateral) in the Investments and Cash Equivalents, to a limit of \$2,000,000. The outstanding balance at March 31, 2016 is \$ nil (March 31, 2015: \$ nil).



## 8 Accounts Payable and Accrued Liabilities

Type	March 31, 2016	March 31, 2015
Trade accounts payable	\$ 245,458	\$ 127,868
Salary & wages payable	58,609	41,246
Accrued liabilities	<u>14,425</u>	<u>42,513</u>
<b>Total</b>	<b>\$ 318,492</b>	<b>\$ 211,627</b>

## 9 Financial Instruments and Risk Management

The Foundation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk.

### Credit Risk

The Foundation's principal financial assets are cash, investments, and accounts receivable, which are subject to credit risk. Cash and investment-related credit exposure is minimized by dealing mostly with creditworthy counterparties such as highly rated financial institutions. Management believes that accounts receivable-related credit risk is minimized by the creditworthiness of the Foundation's principal clients, being government or government-regulated entities.

### Liquidity Risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances generated from operations to meet its requirements.

### Fair Value

The fair value of investments, accounts receivable, contract work in process, accounts payable, and accrued liabilities approximates their carrying values due to their short maturity.

## 10 Commitment

Commitment	Description	Annual cost	Term of agreement
<b>Equipment operating leases</b>			
	Photocopier	\$ 2,208	60 months (to December 2019)
	Telecommunication services	\$ 6,816	66 months (to December 2019)
<b>Information technology services</b>			
	Virtual server, internet and network services	\$ 55,367	60 months (to March 2019)

## 11 Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.