The Clean Nova Scotia Foundation

Financial Statements

For the fiscal year ended March 31, 2018

Grant Thornton

Independent auditor's report

Grant Thornton LLP
Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

T +1 902 421 1734
F +1 902 420 1068
www.GrantThornton.ca

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, 2018, 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, 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.

Grant Thornton LLP

Halifax, Canada
June 14, 2018

Chartered Professional Accountants
Licensed Public Accountants

Clean Foundation

Financial Statements

For the fiscal year ended March 31, 2018

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Statement of Financial Position
As at March 31, 2018

	Notes	2018	2017
Assets			
Current assets			
Cash & equivalents	2.5	**$ 3,373,195**	$ 1,921,341
Accounts receivable	2.5, 5	**480,258**	665,592
HST receivable		**164,479**	46,897
Inventory		**-**	8,382
Prepaid expenses		**42,007**	36,565
		4,059,939	2,678,777
Investments	2.5, 6	**939,910**	2,106,791
Capital assets	2.6, 7	**624,462**	735,569
		1,564,372	2,842,360
		$ 5,624,311	$ 5,521,137
Liabilities & Net Assets			
Current liabilities			
Accounts payable and accrued liabilities	2.5, 8	**$ 633,291**	$ 400,524
Deferred revenue – current		**450,818**	429,554
Deferred revenue – NSPI HomeWarming		**328,181**	596,318
		1,412,290	1,426,396
Deferred revenue – Long-term		**236,500**	32,304
		1,648,790	1,458,700
Net Assets			
Unrestricted		**1,823,799**	1,714,673
Investment in capital assets		**624,462**	735,569
Internally restricted:	2.2		
Capital projects fund		**395,352**	431,703
Program development fund		**462,261**	492,231
Program support fund		**303,917**	303,917
NSYCC fund		**330,340**	346,202
Training fund		**33,390**	34,142
Scholarship fund		**2,000**	4,000
		3,975,521	4,062,437
		$ 5,624,311	$ 5,521,137

Commitments (note 10)

On behalf of the Board:

_______________ Chair _______________ Treasurer

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

Clean Foundation

Statement of Operations

For the year ended March 31, 2018

	Notes	2018	2017
Revenues			
Service contracts and sponsorships	2.1	**$ 4,721,911**	$ 5,035,426
Government contracts and grants:			
Federal		**774,159**	263,810
Provincial		**483,842**	461,740
Municipal		**41,389**	93,241
Sub-total government contract and grants		**1,299,390**	818,791
Donations		**15,826**	4,044
Investments	2.5	**48,864**	64,948
Other revenue		**42,306**	79,268
Sub-total donations, investments, other		**106,996**	148,260
Total revenues		**6,128,297**	6,002,477
Expenses			
Direct program costs:			
Compensation & recruitment		**1,497,448**	1,481,678
Training & professional development		**46,527**	42,589
Subcontractor services		**2,832,141**	2,779,103
Materials & safety supplies		**179,988**	177,931
Equipment rental, repair & maintenance		**5,553**	2,088
Travel		**174,486**	171,427
Membership dues & fees		**3,868**	4,728
Meetings & events		**13,894**	7,206
Advertising, marketing & promotion		**43,533**	94,226
Telecommunications & IT		**33,170**	16,496
Office supplies, printing, postage and other		**36,640**	65,289
Consulting & professional services		**322,614**	104,744
Amortization		**20,911**	12,172
Other		**209**	6,350
Sub-total direct program costs		**5,210,982**	4,966,027
General & Administration:			
Compensation & recruitment		**572,745**	519,571
Training & professional development		**15,371**	13,271
Travel		**29,831**	21,126
Membership/subscription dues and fees		**8,234**	7,195
Office, shipping, printing supplies and other		**18,632**	18,837
Occupancy & maintenance		**39,716**	33,972
Marketing & communications		**17,024**	15,130
Meetings & events		**8,192**	4,019
Equipment rental & maintenance		**3,857**	3,858
Telecommunications & IT		**69,499**	89,972
Consulting & professional services		**56,837**	43,914
Insurance		**31,798**	30,237
Financial services fees & interest		**3,948**	4,544
Amortization		**126,547**	129,429
Sub-total general & administration		**1,002,231**	935,075
Total expenses		**6,213,213**	5,901,102
(Deficiency) excess of revenues over expenses		**$ (84,916)**	$ 101,375

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

Statement of Changes in Net Assets
For the year ended March 31, 2018

		Investment	Internally Restricted							
	Unrestricted	In Capital Assets	Capital Projects	Program Development	Progam Support	NSYCC	Training	Scholarship	**Total 2018**	Total 2017
Balance, beginning of year	$1,714,673	$ 735,569	$ 431,703	$ 492,231	$ 303,917	$ 346,202	$ 34,142	$ 4,000	**$4,062,437**	$3,963,062
(Deficiency) excess of revenues over expenses	62,542	(147,458)	-	-	-	-	-	-	**(84,916)**	101,375
Scholarship awards	-	-	-	-	-	-	-	(2,000)	**(2,000)**	(2,000)
Interfund transfers:										
Investment in capital assets	-	-	-	-	-	-	-	-	**-**	-
Capital projects	-	36,351	(36,351)	-	-	-	-	-	**-**	-
Program development	29,970	-	-	(29,970)	-	-	-	-	**-**	-
NSYCC	15,862	-	-	-	-	(15,862)	-	-	**-**	-
Training	752	-	-	-	-	-	(752)	-	**-**	-
Balance, end of year	$1,823,799	$ 624,462	$ 395,352	$ 462,261	$ 303,917	$ 330,340	$ 33,390	$ 2,000	**$3,975,521**	$4,062,437

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

Clean Foundation

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Operating activities		
(Deficiency) excess of revenues over expenses	**$ (84,916)**	$ 101,375
Items not affecting cash:		
Amortization	**147,458**	141,601
Non-cash working capital items:		
Accounts receivable	**185,334**	(427,345)
HST receivable	**(117,582)**	66,175
Inventory	**8,382**	(8,382)
Prepaid expenses	**(5,442)**	48,140
Accounts payable and accrued liabilities	**232,767**	82,032
Deferred revenue	**225,460**	91,882
Deferred revenue – NSPI HomeWarming	**(268,137)**	(488,832)
Total operating activities	**323,324**	(393,354)
Investing activities		
Acquisition of capital assets	**(36,351)**	(69,158)
Change in investments	**1,166,881**	(1,002,133)
Total investing activities	**1,130,530**	(1,071,291)
Financing activities		
Change in scholarship funding	**(2,000)**	(2,000)
Total financing activities	**(2,000)**	(2,000)
Net increase (decrease) in cash & equivalents	**1,451,854**	(1,466,645)
Cash & equivalents,		
Beginning of year	**1,921,341**	3,387,986
End of year	**$ 3,373,195**	$ 1,921,341

Notes to the Financial Statements
For the year ended March 31, 2018

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.

2.2 Fund Accounting (continued)

- The **Program Support Fund** is used to bridge a program between funding contracts or wind a program down at the end of its service life.
- 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 within the next fiscal period. Interest income accruing on deposits is recorded in interest income on an accrual basis.

2.5 Financial Instruments (continued)

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 service potential, 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%
Developed software	Straight line	33%
Computer & network hardware	Straight line	33%

3 Economic Dependency

The Foundation's operations are sustained using contributions and service contracts with various funders. The service contract with Nova Scotia Power Incorporated for the HomeWarming programs accounts for 62% of revenue at March 31, 2018 (March 31, 2017: 66%) and is set to expire on December 31, 2024.

4 Royal Bank Operating Line of Credit

The Foundation has negotiated a revolving demand facility in the amount of $500,000, at a variable rate of interest equal to the Royal Bank Prime rate, with a seasonal bulge of an additional $500,000.00 between November 1st to January 1st each year. 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, 2018 is $ nil (March 31, 2017: $ nil).

5 Accounts Receivable

Accounts receivable are stated net of doubtful accounts, which are estimated at $ nil (March 31, 2017: $ nil).

	2018	2017
Trade accounts receivable	**$ 346,519**	$ 589,682
Accounts receivable other	**25**	2,472
Holdback receivable	**9,317**	-
Accrued revenue	**124,397**	73,438
Total	**$ 480,258**	$ 665,592

6 Investments

On March 31, 2018 held-to-maturity Canadian guaranteed investment certificates had a weighted average term of 1.4 years to maturity and a weighted average yield of 1.9%. Certificates maturing in the next 12 months are classified as cash & equivalents and are excluded from the weighted averages.

7 Capital Assets

	Cost	Accumulated amortization	**2018 Net book value**	2017 Net book value
Property & equipment				
Building	$ 695,853	$ 312,023	**$ 383,830**	$ 408,330
Motor vehicles	121,513	93,303	**28,210**	40,300
Furniture & equipment	369,869	295,161	**74,708**	88,865
Computer & network hardware	61,500	30,460	**31,040**	13,813
	1,248,735	730,947	**517,788**	551,308
Intangible assets				
ERP system	304,417	222,850	**81,567**	142,450
Developed software	50,163	25,056	**25,107**	41,811
Total	$ 1,603,315	$ 978,853	**$ 624,462**	$ 735,569

8 Accounts Payable and Accrued Liabilities

		2018		2017
Trade accounts payable	**$**	**319,289**	$	316,702
Salaries and wages payable		**86,838**		54,148
Accrued liabilities		**227,164**		29,674
Total	**$**	**633,291**	$	400,524

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		Annual cost	Term of agreement
Equipment operating leases:			
Photocopier	$	2,208	60 months (to December 2019)
Telecommunication services		6,662	66 months (to December 2019)
Information Technology services:			
Virtual server, internet and network services		49,277	60 months (to March 2019)

11 Comparative Figures

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